



*City of Calimesa*  
Regular Meeting of the City Council  
**AGENDA**

**Monday, May 19, 2014**

**6:00 p.m.**

Norton Younglove Multipurpose Senior Center  
908 Park Avenue, Calimesa, CA 92320

William Davis, Mayor ♦ Jeff Hewitt, Mayor Pro Tem  
Jim Hyatt, Council Member ♦ Joyce McIntire, Council Member ♦ Ella Zanowic, Council Member  
Randy Anstine, City Manager ♦ Kevin Ennis, City Attorney

*In compliance with the Americans with Disabilities Act, if you need special assistance to participate in a City meeting or other services offered by this City, please contact the City Clerk's Office, (909) 795-9801. Notification of at least 48 hours prior to the meeting or time when services are needed will assist the City staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting or service.*

*Any public writings distributed by the City to at least a majority of the Council Members regarding any item on this regular meeting agenda will be made available at the public counter at City Hall located at 908 Park Avenue, Calimesa, CA 92320*

**ANNOUNCEMENT REGARDING SPEAKER SLIPS**

Anyone wishing to address the City Council either during "Communications from the Public" or on any item on the agenda should fill out a **blue speaker slip** and give that slip to the City Clerk **prior to the item being heard**. Please write the number of the agenda item or the subject of your presentation on the slip. **Please observe a time limit of three (3) minutes when giving your presentation.** When called upon, please step forward to the microphone, state your name for the record, whom you represent and any statement you wish to make. **Please be advised that you may not defer your three (3) minutes to another speaker.**

**CALL TO ORDER**

**ROLL CALL:** MAYOR DAVIS, MAYOR PRO TEM HEWITT, COUNCIL MEMBER HYATT, COUNCIL MEMBER MCINTIRE, COUNCIL MEMBER ZANOWIC.

**STAFF:** CITY MANAGER ANSTINE, CITY ATTORNEY ENNIS, ADMINISTRATIVE ASSISTANT TOBIN, ASSISTANT CITY MANAGER/FINANCE DIRECTOR JOHNSON, PUBLIC WORKS DIRECTOR FRENCH, COMMUNITY DEVELOPMENT DIRECTOR EVANS, CITY ENGINEER THORNTON, FIRE CHIEF GREGG AND POLICE CHIEF RAYA.

**PLEDGE OF ALLEGIANCE**

**PRESENTATIONS**

**South Mesa Water Company** – Dave Armstrong, General Manager

**COMMUNICATIONS FROM THE PUBLIC**

*Anyone wishing to address the Council on any item within the Council's jurisdiction that is not on the agenda may do so at this time. This is not a time for Council Member comment or action, but the Council may ask questions for clarification or make a referral to staff for factual information to be reported back to the Council at a later meeting.*

**APPROVAL OF THE AGENDA**

**RECOMMENDATION: Move to approve the agenda**

Motion \_\_\_\_\_ Second \_\_\_\_\_ Vote \_\_\_\_\_

## **CONSENT CALENDAR**

The following Consent Calendar items are expected to be routine and non-controversial. Council will act upon them at one time without discussion. Any Council Member or staff member may request removal of an item from the Consent Calendar for discussion.

1. APPROVAL OF CITY COUNCIL ACTION MINUTES. [Page 5](#)
  - a. ***There are no minutes ready for approval at this time.***
2. RECEIVE AND FILE CITY COMMISSION & BOARD MINUTES. [Page 6](#)
  - a. ***Planning Commission Action Minutes of April 14, 2014.***
3. APPROVAL OF WARRANT REGISTERS. [Page 9](#)
  - a. ***Check Register Report with a total of \$84,085.79 (Check Nos. 27999 to 28059)***
  - b. ***May 1, 2014 Council Payroll of \$1,716.75.***  
***May 8, 2014 Payroll of \$27,590.04.***
4. WAIVE FULL READING OF ANY PROPOSED ORDINANCES ON THE AGENDA. [Page 16](#)

***This permits reading the title only in lieu of reciting the entire text of the Ordinances. This does not take policy action on the Ordinances or approve or disapprove any Ordinances on the agenda.***
5. TRAVEL EXPENSES [Page 17](#)

***RECOMMENDATION: That the City Council move to approve the Travel Expenses Report for April 2014.***
6. CUP 13-01 DOLLAR GENERAL: REDUCTION OF FAITHFUL PERFORMANCE BOND AND RELEASE OF LABOR AND MATERIALS BOND [Page 20](#)

***RECOMMENDATION: That the City Council accept the public improvements completed by the Developer, approve releasing the Faithful Performance Bond and Payment Bond and retain the Warranty Bond for 1 year.***
7. ADOPTION OF RESOLUTION NO. 2014-15, ADOPTING THE LOCAL HAZARD MITIGATION PLAN ANNEX FROM THE RIVERSIDE COUNTY OPERATIONAL AREA MULTI-JURISDICTIONAL LOCAL HAZARD MITIGATION PLAN AS REQUIRED BY THE FEDERAL DISASTER MITIGATION AND COST REDUCTION ACT OF 2000. [Page 39](#)

***RECOMMENDATION: That the City Council adopt Resolution No. 2014-15, a Resolution of the City Council of the City of Calimesa, California adopting the Local Hazard Mitigation Plan Annex from the Riverside County Operational Area Multi-jurisdictional Local Hazard Mitigation Plan as required by the Federal Disaster Mitigation and Cost Reduction Act of 2000.***
8. NOTICE OF THREE YEAR URBAN COUNTY QUALIFICATION CDBG, HOME AND ESG PROGRAMS. [Page 42](#)

***RECOMMENDATION: That the City Council authorize the City Manager to sign the Statement of Non-Participation and submit to the EDA as well as a copy to the HUD Region IX office in Los Angeles.***
9. FEDERAL FUNDING COOPERATIVE AGREEMENT NO. 14-72-121-00 WITH RIVERSIDE COUNTY TRANSPORTATION COMMISSION FOR THE I-10/CHERRY VALLEY BOULEVARD INTERCHANGE IMPROVEMENTS PROJECT [Page 46](#)

***RECOMMENDATION: That the City Council authorize the City Manager to execute the Federal Funding Cooperative Agreement with Riverside County Transportation Commission (RCTC).***

## CHIEF OF POLICE COMMENTS & REPORTS

## FIRE CHIEF COMMENTS & REPORTS

## MAYOR & COUNCIL MEMBER REPORTING OF COUNTY & REGIONAL MEETINGS

## PUBLIC HEARINGS

The order of business for the Public Hearing shall be:

- A. Open Public Hearing
- B. Staff Presentation
- C. Applicant/Representative Presentation
- D. Public Testimony
- E. Applicant Rebuttal (if necessary)
- F. Public Testimony Closed
- G. Close Public Hearing
- H. Council/Agency/Authority Discussion
- I. Council/Agency/Authority Motion and Vote

Speakers are encouraged to be brief and remain within the established time limit of three (3) minutes per speaker. Once the public hearing has been closed, no further testimony will be taken.

10. **PUBLIC HEARING** TO CONSIDER ORDINANCE NO. 330 APPROVING ZONE TEXT AMENDMENT 14-02; AN AMENDMENT TO THE WESTERN RIVERSIDE COUNTY TRANSPORTATION UNIFORM MITIGATION FEE PROGRAM FOR THE PURPOSE OF CREATING A DISABLED VETERANS EXEMPTION TO THE CODE. [Page 60](#)

**RECOMMENDATION:** That the City Council open the public hearing, take testimony and close the public hearing, and then introduce and conduct 1<sup>st</sup> reading by title only, of Ordinance No. 330 approving Zone Text Amendment 14-02; an amendment to Chapter 18.105, "Western Riverside County Transportation Uniform Mitigation Fee Program" §§ .030(G) Establishment of the Transportation Uniform Mitigation Fee – Exemptions to the Calimesa Municipal Code to add an exemption for Disabled Veterans Housing.

## BUSINESS ITEMS

11. RECEIVE AND FILE THE 2012-13 ANNUAL AUDITED FINANCIAL STATEMENTS AND RELATED REPORTS [Page 73](#)

**RECOMMENDATION:** That the City Council Receive and File the 2012-13 Annual Audit Report and Financial Statements, the Report on Internal Controls, the Appropriations Limit Report for 2013 and 2014, and the Auditor's Communication with Those Charged with Governance (SAS 114) Report.

## COUNCIL MEMBERS' COMMENTS & REPORTS

This is the time for additional general comments, announcements, reports on meetings attended at public expense as required by AB 1234, requests of staff, and other issues of concern to Council Members may be presented briefly at this time. The Council may not legally take action on any item presented at this time other than to direct staff to investigate a complaint or place an item on a future agenda unless (1) by a majority vote, the Council determines that an emergency situation exists, as defined by Government Code § 54956.5 or (2) by a four-fifths vote, the Council determines that there is a need for immediate action and the need for action arose subsequent to the agenda being posted as required by Government Code § 54954.2(b).

## CITY MANAGER COMMENTS & REPORTS

## **CLOSED SESSION ITEM**

- A. CONFERENCE WITH LABOR NEGOTIATORS** - Pursuant to Government Code Section 54957.6 - **Agency designated representatives:** Randy Anstine, City Manager and Bonnie Johnson, Finance Director. **Unrepresented Employees:** All employees of the City, including Assistant City Manager/Finance Director, City Clerk/HR & Risk Manager and Public Works Director.

## **ADJOURNMENT**

Adjourn to the Regular Meeting of the City Council on Monday, June 2, 2014 at 6:00 p.m.

## **Agenda Item No. 1**



# STAFF REPORT

## CITY OF CALIMESA CITY COUNCIL MEETING

**SUBJECT:** Approval of City Council Meeting Minutes

**MEETING DATE:** May 19, 2014

**PREPARED BY:** Darlene Gerdes, City Clerk

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**RECOMMENDATION:** There are no minutes ready for approval at this time. The May 5, 2014 meeting minutes will be ready for approval at the June 2, 2014 meeting.

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**ATTACHMENTS:**

None.

**Agenda Item No. 2**

**APPROVAL OF CITY COMMISSION MINUTES**

*a. Planning Commission Minutes of April 14, 2014*

*City of Calimesa*  
Minutes of the Regular Meeting of the  
Planning Commission  
Monday, April 14, 2014

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**CALL TO ORDER:** The meeting was called to order at 6:00 p.m. by Chair Barron.

**ROLL CALL:**

Commissioners Present: Chair Barron, Vice-Chair Brittingham, Commissioner Keith, and Commissioner Rush

Staff Present: Mathew Evans, Community Development Director

**PLEDGE OF ALLEGIANCE**

**PUBLIC COMMENT:**

None.

**APPROVAL OF MINUTES:**

**Item 1. Approve the Minutes of the February 10, 2014 Regular Commission Meeting**

ACTION: Vice-Chair Brittingham moved to approve the minutes as written, and the motion was seconded by Commissioner Keith. Motion passed 4-0.

**Item 2. Approve the Minutes of the March 10, 2014 Regular Commission Meeting**

ACTION: Vice-Chair Brittingham moved to approve the minutes, and the motion was seconded by Commissioner Rush. Motion passed 4-0.

**PUBLIC HEARING:**

**Item 3: Conditional Use Permit 14-01 (CUP 14-01):** Walgreens is requesting approval of a conditional use permit (CUP 14-01) for a new Type 20 Liquor License for the purpose of allowing for the sale of beer and wine for off-site consumption at the existing Walgreens store. The proposed project is located at 1186 Calimesa Boulevard (APN 411-190-047). The project qualifies for a categorical exemption under Section 15315, pursuant to the State Guidelines for implementation of the California Environmental Quality Act.

ACTION: Community Development Director Evans presented the project and summarized the staff report. Chair Barron opened the public hearing. Jennifer Chavez, representative of Walgreens, explained Walgreen's policies and procedures, as well as employee training, regarding the sales of alcohol in their stores. Chair Barron closed the public hearing. Vice-Chair Brittingham moved to approve Resolution 2014-04 for Conditional Use Permit 14-01 with modification to the allowed building percentage, and the motion was seconded by Chair Barron. Motion passed 4-0.

**Item 4: Conditional Use Permit 14-02 (CUP 14-02):** Good Shepherd Ministries is requesting approval of a conditional use permit (CUP 14-02) to allow a religious facility and ancillary religious pre-school and event center with minor interior remodeling including a small kitchen expansion. The proposed project is located at 9580 Calimesa Boulevard (APN 413-260-056). The project qualifies for a categorical exemption under Section 15315, pursuant to the State Guidelines for implementation of the California Environmental Quality Act.

ACTION: Community Development Director Evans presented the project and summarized the staff report. Chair Barron opened the public hearing. Hearing or seeing none, he closed the public hearing. Chair Barron moved to approve Resolution 2014-05 for Conditional Use Permit 14-02 with the proposed corrections, and the motion was seconded by Commissioner Keith. Motion passed 4-0.

**DIRECTOR'S REPORTS:**

**Item 5: General Plan Update**

ACTION: The Planning Commission received and filed the report.

**Item 6: Code Amendment Update**

ACTION: The Planning Commission received and filed the report.

**Item 7: Mesa Verde Specific Plan Amendment Workshop**

ACTION: The Planning Commission received and filed the report.

**COMMISSION MEMBERS REPORT AND COMMENTS:**

Commissioner Keith - No comment.

Commissioner Rush - No comment.

Vice-Chair Brittingham - No comment.

Chair Barron - No comment.

**ADJOURNMENT:**

The Planning Commission meeting was adjourned at 6:38 p.m. to the Regular Meeting of May 12, 2014 at the Norton Younglove Multipurpose Senior Center, located at 908 Park Avenue.

Respectfully submitted,

*Shannon Andrews*  
Management Analyst



## **STAFF REPORT**

### **CITY OF CALIMESA CITY COUNCIL MEETING**

**SUBJECT:** Approval of Warrant Register

**MEETING DATE:** May 19, 2014

**PRESENTED BY:** Bonnie Johnson, Assistant City Manager/Finance Director

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**RECOMMENDATION:** Staff requests that the City Council move to approve the Check Register Report.

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**SUMMARY:** The attached Check Register Report for City Council's approval is as follows:

- a. Check Register Report with a total of \$84,085.79 (Check Nos. 27999 to 28059)
- b. May 1, 2014 Council Payroll of \$1,716.75  
May 8, 2014 Payroll of \$27,590.04.

**Council Date - May 19, 2014**

**Accounts Payable - Checks # 27999 thru 28059**  
**Fund Distribution Breakdown**

General - Fund #01	\$	62,135.20
CDBG - Fund #15	\$	-
Park & Rec Grants - Fund #17	\$	-
Library - Fund #19	\$	35.18
Fund #24	\$	4,483.21
Library - Fund #28	\$	3,859.95
Library - Fund #29	\$	1,110.25
SCE Grant - Fund #30	\$	-
Admin Facility Fees - Fund 33	\$	-
MSHCP - Fund 42	\$	12,462.00
CFD 1 - Fund #51	\$	-
CFD 2012-1 - Fund #53	\$	-
CFD 2013-1A - Fund #54	\$	-
CFD 2012-1B Fund #55	\$	-
CFD 2013-1B - Fund #56	\$	-
Successor Agency - Fund #67	\$	-
<b>Grand Total</b>	<b>\$</b>	<b>84,085.79</b>

Check Register Report

Check Number	Check Date	Vendor Name	Check Description	Amount	01	14	15	17	19	21	24	25	28	29	30	32	33	36	38	41	42	43	51	67	99
27999	04/29/2014	AMERICAN FORENSIC NURSES, INC	Blood Draws MAR 14	120.00	X																				
28000	04/29/2014	ARCO AM-PM	PW Gasoline MAR 14	767.36							X														
28001	04/29/2014	BIO-TOX LABORATORIES, INC	Blood Draws MAR 14	78.00	X																				
28002	04/29/2014	CR&R, INC.	Power Sweeping APR 14	805.00								X													
28003	04/29/2014	DEPARTMENT OF JUSTICE	Blood Draws OCT13, FEB, MAR 14	385.00	X																				
28004	04/29/2014	DEPARTMENT OF TRANSPORTATION	Safety Warning Light JAN-MAR	274.14								X													
28005	04/29/2014	DINOSAUR TIRE SERVICE, INC.	Tire Remount-Ford Explorer	563.63	X						X														
28006	04/29/2014	FAMILY SERVICE ASSOCIATION	Sr Ctr Contract Svcs APR 14	5,833.34	X																				
28007	04/29/2014	FREEMAN OFFICE PRODUCTS	Copy Paper	169.99	X																				
28008	04/29/2014	JAYS QUALITY PEST CONTROL	Mo Pest Control APR 14	90.00	X																				
28009	04/29/2014	KONICA MINOLTA	Equipment Rental MAR 14	691.20	X																				
28010	04/29/2014	KONICA MINOLTA BUSINESS	C552 Copy Charges MAR 14	620.57	X																				
28011	04/29/2014	LOWES BUSINESS ACCOUNT	Supplies	7.41	X																				
28012	04/29/2014	MIKE'S GOPHER & BEE CONTROL	Monthly Gopher Control MAR 14	125.00	X																				
28013	04/29/2014	OFFICE DEPOT	Office Supplies	169.44	X																				
28014	04/29/2014	PRO FLAME, INC.	Propane MAR 14	893.41							X														
28015	04/29/2014	THE TROPHY STORE	Desk Name Plate	16.15	X																				
28016	04/29/2014	UNDERGROUND SERVICE ALERT	41 New Tickets APR 14	61.50							X														
28017	04/29/2014	VERIZON CALIFORNIA	City Hall Ph Svc MAR 14	529.69	X																				
28018	04/29/2014	VOID	VOID	0.00																					
28019	04/29/2014	YUCAIPA NEWS MIRROR	Subscription Renewal	24.95	X																				
28020	05/08/2014	ARCO BUSINESS SOLUTIONS	Gasoline APR 14	994.32	X																				
28021	05/08/2014	BANK OF AMERICA	VISA MAR-APR 14	1,240.45	X						X														
28022	05/08/2014	EASYPERMIT POSTAGE	Postage APR 14	546.25	X																				
28023	05/08/2014	HENRY T. GARCIA	Economic Development	5,750.00	X																				
28024	05/08/2014	OFFICE DEPOT	Office Supplies	128.92	X																				
28025	05/08/2014	SOCAL CODE SERVICES, INC	Code Enforcement	2,313.00	X																				
28026	05/08/2014	SOUTHERN CALIFORNIA EDISON	Fire Station Elec Svc APR 14	5,351.70	X									X											
28027	05/08/2014	STAPLES	Office Supplies	23.20	X																				
28028	05/08/2014	THE GAS COMPANY	Fire Station Gas Svc MAR 14	66.92	X																				
28029	05/08/2014	VERIZON CALIFORNIA	Fax APR 14	331.37	X																				
28030	05/08/2014	VERIZON WIRELESS	Wireless Svc APR 14	156.61	X																				
28031	05/12/2014	BADAWI & ASSOCIATES	Auditing Svcs FYE 6-30-13	2,400.00	X																				
28032	05/12/2014	CA BUILDING STANDARDS COMMISSI	Green Fee JAN-MAR 14	426.60	X																				
28033	05/12/2014	CALIMESA AUTO REPAIR	Oil Change-Prius #2	45.41	X																				
28034	05/12/2014	COBB'S PRINTING, LLC	Business Cards	230.04	X																				
28035	05/12/2014	CODE PUBLISHING COMPANY	Municipal Code Publishing	3,190.00	X																				
28036	05/12/2014	CROWN ACE HARDWARE	Supplies APR 14	113.29	X								X												
28037	05/12/2014	DAVID TURCH AND ASSOCIATES	Professional Consulting APR 14	1,500.00	X																				
28038	05/12/2014	DEPARTMENT OF CONSERVATION	SMIP OCT-DEC 13	493.98	X																				
28039	05/12/2014	DINOSAUR TIRE SERVICE, INC.	Flat Tire Repair-Explorer	12.08	X																				
28040	05/12/2014	FAMILY SERVICE ASSOCIATION	Sr Ctr Contract Svcs MAY 14	5,833.34	X																				
28041	05/12/2014	FREEMAN OFFICE PRODUCTS	Reissue-Copy Paper	169.99	X																				
28042	05/12/2014	HAROLD DEEM	Uniform Reimbursement	98.14	X																				
28043	05/12/2014	IPAN LED, INC	Plug Load Occupancy Sensors	372.40	X																				
28044	05/12/2014	JENNIFER KNIGHT	Reimbursement-Library Supplies	35.18						X															
28045	05/12/2014	LARRY DAVIS	Uniform Reimbursement	66.93	X																				
28046	05/12/2014	LEAGUE OF CALIFORNIA CITIES	Riverside Div Dinner Meeting	105.00	X																				
28047	05/12/2014	MIKE'S GOPHER & BEE CONTROL	Monthly Gopher Ctrl APR 14	125.00	X																				
28048	05/12/2014	MIREILLE ACEVEDO	Petty Cash Reimbursement	116.39	X																				
28049	05/12/2014	O'REILLY AUTOMOTIVE, INC.	Supplies	55.88	X																				
28050	05/12/2014	PMC	GP Update DEC 13 Remain Bal	1,110.25											X										
28051	05/12/2014	SCOTT D MARVIN	Recycle Refund	1,125.00	X																				
28052	05/12/2014	SONSRAY MACHINERY LLC	Backhoe-Replace Belt & Maint	617.37							X														
28053	05/12/2014	SOUTH MESA WATER	950 7th PI MAR-APR 14	410.40	X										X										
28054	05/12/2014	THE GAS COMPANY	Gas Svc APR 14	123.06	X																				
28055	05/12/2014	TROY ALARM, INC.	Annual Admin Charge	360.00	X																				
28056	05/12/2014	UNDERGROUND SERVICE ALERT	51 New Tickets MAY 14	76.50							X														
28057	05/12/2014	WILLDAN ASSOCIATES	Building & Safety MAR 14	23,072.55	X																				
28058	05/12/2014	WRCRCA	TUMF Fees APR 14	12,462.00																		X			
28059	05/12/2014	YUCAIPA VALLEY WATER DISTRICT	5th & Myrtlewood APR 14	210.49	X									X											
<b>Total Checks - 61</b>				<b>84,085.79</b>																					

Liability	Taxes Debited			
	Federal Income Tax		11.25	
	Earned Income Credit Advances		.00	
	Social Security - EE		93.00	
	Social Security - ER		93.00	
	Social Security Adj - EE		.00	
	Medicare - EE		21.75	
	Medicare - ER		21.75	
	Medicare Adj - EE		.00	
	Medicare Surtax - EE		.00	
	Medicare Surtax Adj - EE		.00	
	COBRA Premium Assistance Payments		.00	
	Federal Unemployment Tax		9.00	
	State Income Tax		.00	
	State Unemployment Insurance - EE		.00	
	State Unemployment/Disability Ins - ER		93.00	
	State Unemployment Insurance Adj - EE		.00	
	State Disability Insurance - EE		.00	
	State Disability Insurance Adj - EE		.00	
	Workers' Benefit Fund Assessment - EE		.00	
	Workers' Benefit Fund Assessment - ER		.00	
	Local Income Tax		.00	
	School District Tax		.00	
	<b>Total Taxes Debited</b>	Acct. No. XXXXXX5405	Tran/ABA XXXXXXXXXX	<b>342.75</b>
<b>Other Transfers</b>	ADP Direct Deposit	Acct. No. XXXXXX5405	Tran/ABA XXXXXXXXXX	819.90
	ADP Check	Acct. No. XXXXXX5405	Tran/ABA XXXXXXXXXX	554.10
	<b>Total Amount Debited From Your Accounts</b>			<b>1,716.75</b>
<b>Bank Debits and Other Liability</b>	Adjustments/Prepay/Voids			.00
<b>Taxes - Your Responsibility</b>	None This Payroll			

Total Liability
1,716.75
1,716.75
1,716.75

<b>Net Pay</b>	Checks	554.10	
	Direct Deposits	819.90	
	<b>Subtotal Net Pay</b>		<b>1,374.00</b>
	Adjustments	.00	
	<b>Total Net Pay Liability (Net Cash)</b>		<b>1,374.00</b>

Taxes	Agency	Rate	You are responsible for Depositing these amounts		Amount debited from your account		
			EE withheld	ER contrib.	EE withheld	ER contrib.	
Federal	Federal Income Tax				11.25		
	Earned Income Credit Advances						
	Social Security				93.00	93.00	
	Medicare				21.75	21.75	
	Medicare Surtax						
	Federal Unemployment Tax					9.00	
	<b>Subtotal Federal</b>				<b>126.00</b>	<b>123.75</b>	<b>249.75</b>
	Cobra Premium Assistance Payments						
	<b>Total Federal</b>				<b>126.00</b>	<b>123.75</b>	<b>249.75</b>
State	CA State Income Tax						
	CA State Unemployment/Disability Ins-ER 6.2000					93.00	
	CA State Disability Insurance-EE						
	<b>Subtotal CA</b>					<b>93.00</b>	<b>93.00</b>
	<b>Total Taxes</b>		<b>.00</b>	<b>.00</b>	<b>126.00</b>	<b>216.75</b>	<b>342.75</b>

Amount ADP Debited From Account XXXXXX5405 Tran/ABA XXXXXXXXXX 342.75

Excludes Taxes That Are Your Responsibility

<b>Other</b>	ADP Direct Deposit	819.90	
<b>Transfers</b>	ADP Check	554.10	
	<b>Amount ADP Debited From Account XXXXXX5405 Tran/ABA XXXXXXXXXX</b>		<b>1,374.00</b>

3 Employee Transactions

**Total Amount ADP Debited From Your Accounts 1,716.75**

Liability	Taxes Debited			
	Federal Income Tax		3,901.49	
	Earned Income Credit Advances		.00	
	Social Security - EE		216.96	
	Social Security - ER		216.96	
	Social Security Adj - EE		.00	
	Medicare - EE		419.63	
	Medicare - ER		419.65	
	Medicare Adj - EE		.00	
	Medicare Surtax - EE		.00	
	Medicare Surtax Adj - EE		.00	
	COBRA Premium Assistance Payments		.00	
	Federal Unemployment Tax		3.98	
	State Income Tax		1,357.70	
	State Unemployment Insurance - EE		.00	
	State Unemployment/Disability Ins - ER		41.12	
	State Unemployment Insurance Adj - EE		.00	
	State Disability Insurance - EE		289.05	
	State Disability Insurance Adj - EE		.00	
	Workers' Benefit Fund Assessment - EE		.00	
	Workers' Benefit Fund Assessment - ER		.00	
	Local Income Tax		.00	
	School District Tax		.00	
	<b>Total Taxes Debited</b>	Acct. No. XXXXXX5405	Tran/ABA XXXXXXXXX	<b>5,908.50</b>
<b>Other Transfers</b>	ADP Direct Deposit	Acct. No. XXXXXX5405	Tran/ABA XXXXXXXXX	16,757.35
	ADP Check	Acct. No. XXXXXX5405	Tran/ABA XXXXXXXXX	4,666.03
	<b>Total Amount Debited From Your Accounts</b>			<b>27,331.88</b>
<b>Bank Debits and Other Liability</b>	Adjustments/Prepay/Voids			258.16
<b>Taxes - Your Responsibility</b>	None This Payroll			

<b>Total Liability</b>	<b>27,331.88</b>
	<b>27,590.04</b>
	<b>27,590.04</b>

Includes Adjustments that are your responsibility

<b>Net Pay</b>	Checks	4,666.03	
	Direct Deposits	16,757.35	
	<b>Subtotal Net Pay</b>		<b>21,423.38</b>
	Adjustments	258.16	
	<b>Total Net Pay Liability (Net Cash)</b>		<b>21,681.54</b>

Taxes	Agency	Rate	You are responsible for Depositing these amounts		Amount debited from your account		
			EE withheld	ER contrib.	EE withheld	ER contrib.	
Federal	Federal Income Tax				3,901.49		
	Earned Income Credit Advances						
	Social Security				216.96	216.96	
	Medicare				419.63	419.65	
	Medicare Surtax						
	Federal Unemployment Tax					3.98	
	<b>Subtotal Federal</b>				<b>4,104.16</b>	<b>198.71</b>	<b>4,302.87</b>
	Cobra Premium Assistance Payments						
	<b>Total Federal</b>				<b>4,104.16</b>	<b>198.71</b>	<b>4,302.87</b>
State	CA State Income Tax				1,357.70		
	CA State Unemployment/Disability Ins-ER 6.2000					41.12	
	CA State Disability Insurance-EE				289.05		
	<b>Subtotal CA</b>				<b>1,646.75</b>	<b>41.12</b>	<b>1,605.63</b>
	<b>Total Taxes</b>		<b>.00</b>	<b>.00</b>	<b>5,750.91</b>	<b>157.59</b>	<b>5,908.50</b>

Amount ADP Debited From Account XXXXXX5405 Tran/ABA XXXXXXXXXX 5,908.50

Excludes Taxes That Are Your Responsibility

Other	ADP Direct Deposit	16,757.35	
Transfers	ADP Check	4,666.03	
	<b>Amount ADP Debited From Account XXXXXX5405 Tran/ABA XXXXXXXXXX</b>		<b>21,423.38</b>

8 Employee Transactions

**Total Amount ADP Debited From Your Accounts 27,331.88**

**Agenda Item No. 4**

**WAIVE FULL READING OF ANY PROPOSED  
ORDINANCES ON THE AGENDA**

***This permits reading the title only in lieu of reciting the entire text of the Ordinances. This does not take policy action on the Ordinances or approve or disapprove any Ordinances on the agenda.***



## **STAFF REPORT**

### **CITY OF CALIMESA CITY COUNCIL MEETING**

**SUBJECT:** Travel Expenses

**MEETING DATE:** May 19, 2014

**PRESENTED BY:** Bonnie Johnson, Assistant City Manager/Finance Director

---

**RECOMMENDATION:** That the City Council move to approve the Travel Expenses Report.

---

**SUMMARY:** The attached Travel Expenses Report for City Council's approval is as follows:

- a. Thru April 2014 Council Member Travel Expenses

## COUNCIL TRAVEL EXPENSES

<b>JOYCE MCINTIRE - TRAVEL EXPENSES</b>						
TRAVEL/TRAINING - 01-1100-7585						
DATE	DESCRIPTION	AMOUNT				
3-Oct	LoCC Airfare	\$227.40		12-May	LoCC Riv Div Dinner	\$35.00
4-Nov	LoCC Conference	\$397.14				
10-Apr	Yucaipa State of the City	\$35.00				
	<b>TOTAL TRAVEL/TRAINING EXPENSES</b>					\$694.54
	<b>REMAINING BALANCE</b>					\$705.46

<b>BILL DAVIS - TRAVEL EXPENSES</b>						
TRAVEL/TRAINING - 01-1100-7585						
DATE	DESCRIPTION	AMOUNT				
	<b>TOTAL TRAVEL/TRAINING EXPENSES</b>					\$0.00
	<b>REMAINING BALANCE</b>					\$1,650.00

<b>JIM HYATT - TRAVEL EXPENSES</b>						
TRAVEL/TRAINING - 01-1100-7585						
DATE	DESCRIPTION	AMOUNT				
3-Oct	WRCOG Expo	\$25.00		10-Apr	Yucaipa State of the City	\$35.00
13-Jan	LoCC Riv Div Dinner	\$40.00				
6-Mar	LoCC Riv Div Dinner	\$25.00				
	<b>TOTAL TRAVEL/TRAINING EXPENSES</b>					\$125.00
	<b>REMAINING BALANCE</b>					\$1,275

<b>JEFF HEWITT - TRAVEL EXPENSES</b>						
TRAVEL/TRAINING - 01-1100-7585						
DATE	DESCRIPTION	AMOUNT				
10-Oct	State of the City-Banning	\$13.00		6-Mar	LoCC Riv Div Dinner	\$25.00
4-Nov	LoCC Conference	\$421.90		10-Apr	Yucaipa State of the City	\$35.00
16-Jan	Beaumont Chamber Dinner	\$45.00		12-May	LoCC Riv Div Dinner	\$35.00
	<b>TOTAL TRAVEL/TRAINING EXPENSES</b>					\$574.90
	<b>REMAINING BALANCE</b>					\$825.10

**COUNCIL TRAVEL EXPENSES**

<b>ELLA ZANOWIC - TRAVEL EXPENSES</b>						
<b>TRAVEL/TRAINING - 01-1100-7585</b>						
<b>DATE</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>	<b>DATE</b>			
8-Jul	LoCC General Meeting	<b>\$35.00</b>	6-Mar	LoCC Riv Div Dinner	<b>\$25.00</b>	
5-Aug	LoCC Conference	<b>\$475.00</b>	10-Apr	Yucaipa State of the City	<b>\$35.00</b>	
22-Aug	Travel Reimb.	<b>\$260.30</b>	12-May	LoCC Riv Div Dinner	<b>\$35.00</b>	
10-Oct	State of City - Banning	<b>\$13.00</b>				
4-Nov	LoCC Conference	<b>\$416.44</b>				
13-Jan	LoCC Riv Div Dinner	<b>\$40.00</b>				
16-Jan	Beaumont Chamber Dinner	<b>\$45.00</b>				
	<b>TOTAL TRAVEL/TRAINING EXPENSES</b>				<b>\$1,379.74</b>	
	<b>REMAINING BALANCE</b>				<b>\$20.26</b>	

## Agenda Item No. 6



# STAFF REPORT

## CITY OF CALIMESA CITY COUNCIL MEETING

**SUBJECT:** CUP 13-01 Dollar General: Reduction of Faithful Performance Bond and Release of Labor and Materials Bond

**MEETING DATE:** May 19, 2014

**PREPARED BY:** Michael Thornton, City Engineer

---

**RECOMMENDATION:** That the City Council accept the public improvements completed by the Developer, approve releasing the Faithful Performance Bond and Payment Bond and retain the Warranty Bond for 1 year.

---

**DISCUSSION:** On October 7, 2013, Council accepted bonds and agreement for the subject project. Bonds are summarized below:

1. Faithful Performance in the amount of \$224,500 (Bond No. 08769992)
2. Payment in the amount of \$112,250 (Bond No. 08769992)
3. Warranty in the amount of \$22,450 (Bond No. 08769992)

The Developer has completed the work. The developer has requested that the Faithful Performance and Payment Bonds be released.

In accordance with Section 3B of the Project Improvement Agreement, the City Engineer hereby notifies the City Council that the Developer has completed the public improvements related to the project in compliance with improvement plans and all applicable City standards. In accordance with Section 3C. Council shall accept the improvements and authorizes release of the Faithful Performance and Payment bonds.

---

**FISCAL IMPACT:** None

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**ATTACHMENTS:**

Attachment A: Bond No. 08769992

ORIGINAL

THE PREMIUM IS PREDICATED ON  
THE FINAL CONTRACT PRICE AND  
IS SUBJECT TO ADJUSTMENT

ISSUED IN TWO ORIGINAL COUNTERPARTS  
COUNTERPART NO. 1 OF 2

PREMIUM: \$4,480.00  
Bond No. 08769992

FAITHFUL PERFORMANCE BOND

KNOW ALL PERSONS BY THESE PRESENTS that:

Whereas, the City of Calimesa, State of California, and Dynamic Real Estate Investments I, LLC (hereinafter designated as "Principal") have entered into an agreement whereby Principal agrees to install and complete certain designated public improvements, which said agreement, dated 9/24, 2013, and identified as project CUP 13-01, is hereby referred to and made a part hereof; and

Whereas, Principal is required under the terms of said agreement to furnish a bond for the faithful performance of said agreement.

Now, therefore, we, the Principal and Fidelity and Deposit Company of Maryland, as surety (hereinafter designated as "Surety"), are held and firmly bound unto the City of Calimesa in the penal sum of (1) dollars (\$ 224,500) lawful money of the United States, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, successors, executors and administrators, jointly and severally, firmly by these presents.

(1) Two Hundred Twenty Four Thousand Five Hundred and 00/100

The condition of this obligation is such that if the above bounded Principal, his, her, or its heirs, executors, administrators, successors or assigns, shall in all things stand to and abide by, and well and truly keep and perform the covenants, conditions and provisions in the said agreement and any alteration thereof made as therein provided, on his, her, its or their part, to be kept and performed at the time and in the manner therein specified, and in all respects according to their true intent and meaning, and shall indemnify and save harmless the City of Calimesa, its officers, agents and employees, as therein stipulated, then this obligation shall become null and void; otherwise it shall be and remain in full force and effect.

As a part of the obligation secured hereby and in addition to the face amount specified therefor, there shall be included costs and reasonable expenses and fees, including reasonable attorneys' fees, incurred by the City of Calimesa in successfully enforcing such obligation, all to be taxed as costs and included in any judgment rendered.

Further, Surety hereby waives the provisions of California Civil Code sections 2845 and 2849. The City of Calimesa is the principal beneficiary of this bond and has all rights of a party hereto.

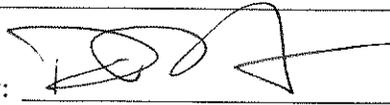
The Surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the agreement or to the work to be performed thereunder or the specifications accompanying the same shall in anywise affect its obligations on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the agreement or to the work or to the specifications.

IN WITNESS WHEREOF, two (2) identical counterparts of this instrument, each of which shall for all purposes be deemed an original hereof, have been duly executed by Principal and Surety, on the date set forth below, the name of each corporate party being hereto affixed and these presents duly signed by its undersigned representative(s) pursuant to authority of its governing body.

Dated: September 23, 2013

“Principal”

Dynamic Real Estate Investments I, LLC

By: 

Its: Manager

By: \_\_\_\_\_  
Its: \_\_\_\_\_

“Surety”

Fidelity and Deposit Company of Maryland

By: 

Its: Julia B. Gladding, Attorney-In-Fact

By: \_\_\_\_\_  
Its: \_\_\_\_\_

(Seal)

(Seal)

APPROVED AS TO FORM:

RICHARDS, WATSON & GERSHON  
A Professional Corporation

By: \_\_\_\_\_  
City Attorney

Note: *This bond must be executed in duplicate and dated, all signatures must be notarized, and evidence of the authority of any person signing as attorney-in-fact must be attached.*

**ZURICH AMERICAN INSURANCE COMPANY  
COLONIAL AMERICAN CASUALTY AND SURETY COMPANY  
FIDELITY AND DEPOSIT COMPANY OF MARYLAND  
POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS: That the ZURICH AMERICAN INSURANCE COMPANY, a corporation of the State of New York, the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, a corporation of the State of Maryland, and the FIDELITY AND DEPOSIT COMPANY OF MARYLAND a corporation of the State of Maryland (herein collectively called the "Companies"), by **THOMAS O. MCCLELLAN, Vice President**, in pursuance of authority granted by Article V, Section 8, of the By-Laws of said Companies, which are set forth on the reverse side hereof and are hereby certified to be in full force and effect on the date hereof, do hereby nominate, constitute, and appoint **Julia B. GLADDING and Kenneth A. COATE, both of Riverside, California, EACH** its true and lawful agent and Attorney-in-Fact, to make, execute, seal and deliver, for, and on its behalf as surety, and as its act and deed: **any and all bonds and undertakings**, and the execution of such bonds or undertakings in pursuance of these presents, shall be as binding upon said Companies, as fully and amply, to all intents and purposes, as if they had been duly executed and acknowledged by the regularly elected officers of the ZURICH AMERICAN INSURANCE COMPANY at its office in New York, New York., the regularly elected officers of the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY at its office in Owings Mills, Maryland., and the regularly elected officers of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND at its office in Owings Mills, Maryland., in their own proper persons.

The said Vice President does hereby certify that the extract set forth on the reverse side hereof is a true copy of Article V, Section 8, of the By-Laws of said Companies, and is now in force.

IN WITNESS WHEREOF, the said Vice-President has hereunto subscribed his/her names and affixed the Corporate Seals of the said **ZURICH AMERICAN INSURANCE COMPANY, COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, and FIDELITY AND DEPOSIT COMPANY OF MARYLAND**, this 15th day of June, A.D. 2012.

ATTEST:

**ZURICH AMERICAN INSURANCE COMPANY  
COLONIAL AMERICAN CASUALTY AND SURETY COMPANY  
FIDELITY AND DEPOSIT COMPANY OF MARYLAND**



*Eric D. Barnes*

By: \_\_\_\_\_  
*Assistant Secretary  
Eric D. Barnes*

*Thomas O. McClellan*

\_\_\_\_\_  
*Vice President  
Thomas O. McClellan*

State of Maryland  
City of Baltimore

On this 15th day of June, A.D. 2012, before the subscriber, a Notary Public of the State of Maryland, duly commissioned and qualified, **THOMAS O. MCCLELLAN, Vice President, and ERIC D. BARNES, Assistant Secretary**, of the Companies, to me personally known to be the individuals and officers described in and who executed the preceding instrument, and acknowledged the execution of same, and being by me duly sworn, deposeth and saith, that he/she is the said officer of the Company aforesaid, and that the seals affixed to the preceding instrument are the Corporate Seals of said Companies, and that the said Corporate Seals and the signature as such officer were duly affixed and subscribed to the said instrument by the authority and direction of the said Corporations.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year first above written.

*Constance A. Dunn*

\_\_\_\_\_  
Constance A. Dunn, Notary Public  
My Commission Expires: July 14, 2015



**EXTRACT FROM BY-LAWS OF THE COMPANIES**

"Article V, Section 8, Attorneys-in-Fact. The Chief Executive Officer, the President, or any Executive Vice President or Vice President may, by written instrument under the attested corporate seal, appoint attorneys-in-fact with authority to execute bonds, policies, recognizances, stipulations, undertakings, or other like instruments on behalf of the Company, and may authorize any officer or any such attorney-in-fact to affix the corporate seal thereto; and may with or without cause modify or revoke any such appointment or authority at any time."

**CERTIFICATE**

I, the undersigned, Vice President of the ZURICH AMERICAN INSURANCE COMPANY, the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, and the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, do hereby certify that the foregoing Power of Attorney is still in full force and effect on the date of this certificate; and I do further certify that Article V, Section 8, of the By-Laws of the Companies is still in force.

This Power of Attorney and Certificate may be signed by facsimile under and by authority of the following resolution of the Board of Directors of the ZURICH AMERICAN INSURANCE COMPANY at a meeting duly called and held on the 15th day of December 1998.

RESOLVED: "That the signature of the President or a Vice President and the attesting signature of a Secretary or an Assistant Secretary and the Seal of the Company may be affixed by facsimile on any Power of Attorney...Any such Power or any certificate thereof bearing such facsimile signature and seal shall be valid and binding on the Company."

This Power of Attorney and Certificate may be signed by facsimile under and by authority of the following resolution of the Board of Directors of the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY at a meeting duly called and held on the 5th day of May, 1994, and the following resolution of the Board of Directors of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND at a meeting duly called and held on the 10th day of May, 1990.

RESOLVED: "That the facsimile or mechanically reproduced seal of the company and facsimile or mechanically reproduced signature of any Vice-President, Secretary, or Assistant Secretary of the Company, whether made heretofore or hereafter, wherever appearing upon a certified copy of any power of attorney issued by the Company, shall be valid and binding upon the Company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seals of the said Companies, this SEP 23 2013 day of SEP 23 2013, 2013.



*Geoffrey Delisio*

Geoffrey Delisio, Vice President

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT**

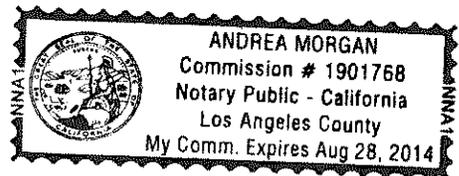
State of California

County of Los Angeles

On September 25, 2013 before me, Andrea Morgan, Notary Public, personally appeared DAMON PORTER who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(ies), and that by his/~~her/their~~ signature(s) on the instrument the person(s) , or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature Andrea Morgan

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

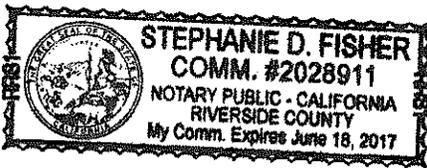
State of California

County of Riverside



On SEP 23 2013 before me, Stephanie D. Fisher, Notary Public  
Date Here Insert Name and Title of the Officer

personally appeared Julia B. Gladding  
Name(s) of Signer(s)



who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Place Notary Seal Above

Signature [Handwritten Signature]  
Signature of Notary Public

**OPTIONAL**

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

**Description of Attached Document**

Title or Type of Document: \_\_\_\_\_

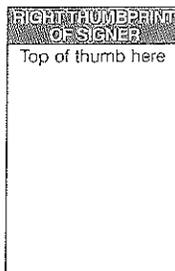
Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: none

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: Julia B. Gladding

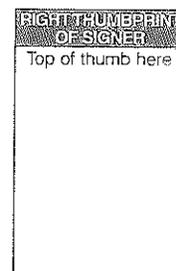
- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_



Signer Is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_



Signer Is Representing: \_\_\_\_\_

ORIGINAL

THE PREMIUM IS PREDICATED ON  
THE FINAL CONTRACT PRICE AND  
IS SUBJECT TO ADJUSTMENT

ISSUED IN TWO ORIGINAL COUNTERPARTS  
COUNTERPART NO. 1 OF 2

PREMIUM: INCLUDED IN THE PREMIUM  
CHARGED FOR THE PERFORMANCE BOND

Bond No. 08769992

PAYMENT BOND

KNOW ALL PERSONS BY THESE PRESENTS that:

Whereas, the City of Calimesa, State of California, and Dynamic Real Estate Investments I, LLC (hereinafter designated as "Principal") have entered into an agreement whereby the Principal agrees to install and complete certain designated public improvements, which agreement, dated 9/24, 2013, and identified as project CUP-13-01 is hereby referred to and made a part hereof; and

Whereas, under the terms of the agreement, the Principal is required before entering upon the performance of the work, to file a good and sufficient payment bond with the City of Calimesa to secure the claims to which reference is made in Part 6 (commencing with Section 8000) of Division 4 of the Civil Code.

Now, therefore, the Principal and Fidelity and Deposit Company of Maryland, as surety (hereinafter designated as "Surety"), are held firmly bound unto the City of Calimesa and all contractors, subcontractors, laborers, material suppliers, and other persons employed in the performance of the agreement and referred to in Part 6 (commencing with Section 8000) of Division 4 of the Civil Code in the sum of (1) dollars (\$112,250), for materials furnished or labor thereon of any kind, or for amounts due under the Unemployment Insurance Act with respect to this work or labor, that the Surety will pay the same in an amount not exceeding the amount hereinabove set forth, and also in case suit is brought upon this bond, will pay, in addition to the face amount thereof, costs and reasonable expenses and fees, including reasonable attorneys' fees, incurred by the City of Calimesa in successfully enforcing this obligation, to be awarded and fixed by the court, and to be taxed as costs and to be included in the judgment therein rendered.

(1) One Hundred Twelve Thousand Two Hundred Fifty and 00/100

It is hereby expressly stipulated and agreed that this bond shall inure to the benefit of any and all persons, companies, and corporations entitled to file claims under Part 6 (commencing with Section 8000) of Division 4 of the Civil Code, so as to give a right of action to them or their assigns in any suit brought upon this bond.

Should the condition of this bond be fully performed, then this obligation shall become null and void, otherwise it shall be and remain in full force and effect.

Further, Surety hereby waives the provisions of California Civil Code sections 2845 and 2849. The City of Calimesa is the principal beneficiary of this bond and has all rights of a party hereto.

The Surety hereby stipulates and agrees that no change, extension of time, alteration, or addition to the terms of the agreement or the specifications accompanying the same shall in any manner affect its obligations on this bond, and it does hereby waive notice of any such change, extension, alteration, or addition.

IN WITNESS WHEREOF, two (2) identical counterparts of this instrument, each of which shall for all purposes be deemed an original hereof, have been duly executed by Principal and Surety, on the date set forth below, the name of each corporate party being hereto affixed and these presents duly signed by its undersigned representative(s) pursuant to authority of its governing body.

Dated: September 23, 2013

“Principal”

Dynamic Real Estate Investments I, LLC

By: \_\_\_\_\_

Its: Manager

By: \_\_\_\_\_

Its: \_\_\_\_\_

“Surety”

Fidelity and Deposit Company of Maryland

By: \_\_\_\_\_

Its: Julia B. Gladding, Attorney-In-Fact

By: \_\_\_\_\_

Its: \_\_\_\_\_

(Seal)

(Seal)

APPROVED AS TO FORM:

RICHARDS, WATSON & GERSHON  
A Professional Corporation

By: \_\_\_\_\_

City Attorney

Note: *This bond must be executed in duplicate and dated, all signatures must be notarized, and evidence of the authority of any person signing as attorney-in-fact must be attached.*

**ZURICH AMERICAN INSURANCE COMPANY  
COLONIAL AMERICAN CASUALTY AND SURETY COMPANY  
FIDELITY AND DEPOSIT COMPANY OF MARYLAND  
POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS: That the ZURICH AMERICAN INSURANCE COMPANY, a corporation of the State of New York, the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, a corporation of the State of Maryland, and the FIDELITY AND DEPOSIT COMPANY OF MARYLAND a corporation of the State of Maryland (herein collectively called the "Companies"), by THOMAS O. MCCLELLAN, Vice President, in pursuance of authority granted by Article V, Section 8, of the By-Laws of said Companies, which are set forth on the reverse side hereof and are hereby certified to be in full force and effect on the date hereof, do hereby nominate, constitute, and appoint Julia B. GLADDING and Kenneth A. COATE, both of Riverside, California, EACH its true and lawful agent and Attorney-in-Fact, to make, execute, seal and deliver, for, and on its behalf as surety, and as its act and deed: **any and all bonds and undertakings**, and the execution of such bonds or undertakings in pursuance of these presents, shall be as binding upon said Companies, as fully and amply, to all intents and purposes, as if they had been duly executed and acknowledged by the regularly elected officers of the ZURICH AMERICAN INSURANCE COMPANY at its office in New York, New York., the regularly elected officers of the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY at its office in Owings Mills, Maryland., and the regularly elected officers of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND at its office in Owings Mills, Maryland., in their own proper persons.

The said Vice President does hereby certify that the extract set forth on the reverse side hereof is a true copy of Article V, Section 8, of the By-Laws of said Companies, and is now in force.

IN WITNESS WHEREOF, the said Vice-President has hereunto subscribed his/her names and affixed the Corporate Seals of the said ZURICH AMERICAN INSURANCE COMPANY, COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, and FIDELITY AND DEPOSIT COMPANY OF MARYLAND, this 15th day of June, A.D. 2012.

ATTEST:

**ZURICH AMERICAN INSURANCE COMPANY  
COLONIAL AMERICAN CASUALTY AND SURETY COMPANY  
FIDELITY AND DEPOSIT COMPANY OF MARYLAND**



By: Eric D. Barnes  
Assistant Secretary  
Eric D. Barnes

Thomas O. McClellan  
Vice President  
Thomas O. McClellan

State of Maryland  
City of Baltimore

On this 15th day of June, A.D. 2012, before the subscriber, a Notary Public of the State of Maryland, duly commissioned and qualified, THOMAS O. MCCLELLAN, Vice President, and ERIC D. BARNES, Assistant Secretary, of the Companies, to me personally known to be the individuals and officers described in and who executed the preceding instrument, and acknowledged the execution of same, and being by me duly sworn, depose and saith, that he/she is the said officer of the Company aforesaid, and that the seals affixed to the preceding instrument are the Corporate Seals of said Companies, and that the said Corporate Seals and the signature as such officer were duly affixed and subscribed to the said instrument by the authority and direction of the said Corporations.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year first above written.

Constance A. Dunn



Constance A. Dunn, Notary Public  
My Commission Expires: July 14, 2015

**EXTRACT FROM BY-LAWS OF THE COMPANIES**

"Article V, Section 8, Attorneys-in-Fact. The Chief Executive Officer, the President, or any Executive Vice President or Vice President may, by written instrument under the attested corporate seal, appoint attorneys-in-fact with authority to execute bonds, policies, recognizances, stipulations, undertakings, or other like instruments on behalf of the Company, and may authorize any officer or any such attorney-in-fact to affix the corporate seal thereto; and may with or without cause modify or revoke any such appointment or authority at any time."

**CERTIFICATE**

I, the undersigned, Vice President of the ZURICH AMERICAN INSURANCE COMPANY, the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, and the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, do hereby certify that the foregoing Power of Attorney is still in full force and effect on the date of this certificate; and I do further certify that Article V, Section 8, of the By-Laws of the Companies is still in force.

This Power of Attorney and Certificate may be signed by facsimile under and by authority of the following resolution of the Board of Directors of the ZURICH AMERICAN INSURANCE COMPANY at a meeting duly called and held on the 15th day of December 1998.

RESOLVED: "That the signature of the President or a Vice President and the attesting signature of a Secretary or an Assistant Secretary and the Seal of the Company may be affixed by facsimile on any Power of Attorney...Any such Power or any certificate thereof bearing such facsimile signature and seal shall be valid and binding on the Company."

This Power of Attorney and Certificate may be signed by facsimile under and by authority of the following resolution of the Board of Directors of the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY at a meeting duly called and held on the 5th day of May, 1994, and the following resolution of the Board of Directors of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND at a meeting duly called and held on the 10th day of May, 1990.

RESOLVED: "That the facsimile or mechanically reproduced seal of the company and facsimile or mechanically reproduced signature of any Vice-President, Secretary, or Assistant Secretary of the Company, whether made heretofore or hereafter, wherever appearing upon a certified copy of any power of attorney issued by the Company, shall be valid and binding upon the Company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seals of the said Companies, this \_\_\_ day of SEP 23 2013, 20\_\_\_.



*Geoffrey Delisio*

Geoffrey Delisio, Vice President

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT**

State of California

County of Los Angeles

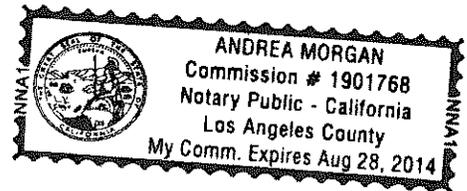
On September 25, 2013 before me, Andrea Morgan, Notary Public, personally appeared DAMON PORTER who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(ies), and that by his/~~her/their~~ signature(s) on the instrument the person(s) , or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

*Andrea Morgan*



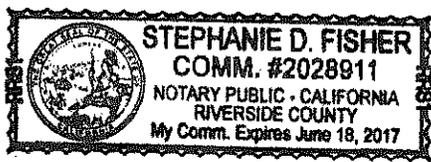
**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California }  
 County of Riverside

On SEP 23 2013 before me, Stephanie D. Fisher, Notary Public  
Date Here Insert Name and Title of the Officer

personally appeared Julia B. Gladding  
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person~~(s)~~ whose name~~(s)~~ is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity~~(ies)~~, and that by his/~~her/their~~ signature~~(s)~~ on the instrument the person~~(s)~~, or the entity upon behalf of which the person~~(s)~~ acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Place Notary Seal Above

Signature [Handwritten Signature]  
Signature of Notary Public

**OPTIONAL**

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

**Description of Attached Document**

Title or Type of Document: \_\_\_\_\_  
 Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_  
 Signer(s) Other Than Named Above: none

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: Julia B. Gladding  
 Individual  
 Corporate Officer — Title(s): \_\_\_\_\_  
 Partner —  Limited  General  
 Attorney in Fact  
 Trustee  
 Guardian or Conservator  
 Other: \_\_\_\_\_



Signer Is Representing: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Signer's Name: \_\_\_\_\_  
 Individual  
 Corporate Officer — Title(s): \_\_\_\_\_  
 Partner —  Limited  General  
 Attorney in Fact  
 Trustee  
 Guardian or Conservator  
 Other: \_\_\_\_\_



Signer Is Representing: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

ORIGINAL

ISSUED IN TWO ORIGINAL COUNTERPARTS  
COUNTERPART NO. 1 OF 2

Bond No. 08769992

WARRANTY BOND

KNOW ALL PERSONS BY THESE PRESENTS that:

Whereas, the City of Calimesa, State of California, and Dynamic Real Estate Investments I, LLC (hereinafter designated as "Principal") have entered into an agreement, dated 9/24, 2013, and identified as project CUP-13-01 is hereby referred to and made a part hereof; and

Whereas, Principal is required under the terms of said agreement to furnish a bond for the good and sufficient warranty of all of the improvements installed pursuant to said agreement.

Now, therefore, we, the Principal and Fidelity and Deposit Company of Maryland, as surety (hereinafter designated as "Surety"), are held and firmly bound unto the City of Calimesa in the penal sum of (1) dollars (\$22,450) lawful money of the United States, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, successors, executors and administrators, jointly and severally, firmly by these presents.

(1) Twenty Two Thousand Four Hundred Fifty and 00/100

The condition of this obligation is such that, if the hereby bounded Principal, his, her or its heirs, executors, administrators, successors or assigns, shall remedy, without cost to the City of Calimesa, any defects which may develop during a period of one (1) year from the date of the completion and acceptance of the last of the improvements installed under the agreement, caused by defective or inferior materials or workmanship as determined by the City, and shall indemnify, defend and hold harmless the City of Calimesa, its officers, agents, and employees for any and all claims, demands, causes of action, damages, injuries, liabilities, losses, costs or expenses, including attorneys' fees and costs of defense, which arise out of, pertain to, or relate to such defects or inferior materials or workmanship or to the Principal's actions or inactions in remedying such defects or inferior materials or workmanship, then this obligation shall become null and void; otherwise it shall be and remain in full force and effect.

If suit is brought upon this bond, Surety further agrees to pay, in addition to the Penal Sum, all costs and reasonable expenses and fees, including reasonable attorneys' fees, incurred by the City of Calimesa in successfully enforcing such obligation, all to be taxed as costs and included in any judgment rendered.

Further, Surety hereby waives the provisions of California Civil Code sections 2845 and 2849. The City of Calimesa is the principal beneficiary of this bond and has all rights of a party hereto.

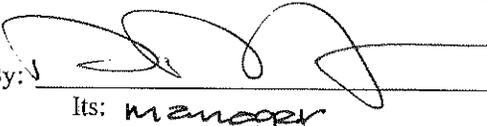
The Surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the agreement or to the work to be performed thereunder or the specifications accompanying the same shall in anywise affect its obligations on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the agreement or to the work or to the specifications.

IN WITNESS WHEREOF, two (2) identical counterparts of this instrument, each of which shall for all purposes be deemed an original hereof, have been duly executed by Principal and Surety, on the date set forth below, the name of each corporate party being hereto affixed and these presents duly signed by its undersigned representative(s) pursuant to authority of its governing body.

Dated: September 23, 2013

“Principal”

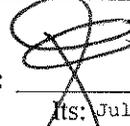
Dynamic Real Estate Investments I, LLC

By:   
Its: manager

By: \_\_\_\_\_  
Its: \_\_\_\_\_

“Surety”

Fidelity and Deposit Company of Maryland

By:   
Its: Julia B. Gladding, Attorney-In-Fact

By: \_\_\_\_\_  
Its: \_\_\_\_\_

(Seal)

(Seal)

APPROVED AS TO FORM:

RICHARDS, WATSON & GERSHON  
A Professional Corporation

By: \_\_\_\_\_  
City Attorney

*Note: This bond must be executed in duplicate and dated, all signatures must be notarized, and evidence of the authority of any person signing as attorney-in-fact must be attached.*

**ZURICH AMERICAN INSURANCE COMPANY  
COLONIAL AMERICAN CASUALTY AND SURETY COMPANY  
FIDELITY AND DEPOSIT COMPANY OF MARYLAND  
POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS: That the ZURICH AMERICAN INSURANCE COMPANY, a corporation of the State of New York, the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, a corporation of the State of Maryland, and the FIDELITY AND DEPOSIT COMPANY OF MARYLAND a corporation of the State of Maryland (herein collectively called the "Companies"), by **THOMAS O. MCCLELLAN, Vice President**, in pursuance of authority granted by Article V, Section 8, of the By-Laws of said Companies, which are set forth on the reverse side hereof and are hereby certified to be in full force and effect on the date hereof, do hereby nominate, constitute, and appoint **Julia B. GLADDING and Kenneth A. COATE, both of Riverside, California**, EACH its true and lawful agent and Attorney-in-Fact, to make, execute, seal and deliver, for, and on its behalf as surety, and as its act and deed: **any and all bonds and undertakings**, and the execution of such bonds or undertakings in pursuance of these presents, shall be as binding upon said Companies, as fully and amply, to all intents and purposes, as if they had been duly executed and acknowledged by the regularly elected officers of the ZURICH AMERICAN INSURANCE COMPANY at its office in New York, New York., the regularly elected officers of the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY at its office in Owings Mills, Maryland., and the regularly elected officers of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND at its office in Owings Mills, Maryland., in their own proper persons.

The said Vice President does hereby certify that the extract set forth on the reverse side hereof is a true copy of Article V, Section 8, of the By-Laws of said Companies, and is now in force.

IN WITNESS WHEREOF, the said Vice-President has hereunto subscribed his/her names and affixed the Corporate Seals of the said ZURICH AMERICAN INSURANCE COMPANY, COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, and FIDELITY AND DEPOSIT COMPANY OF MARYLAND, this 15th day of June, A.D. 2012.

ATTEST:

**ZURICH AMERICAN INSURANCE COMPANY  
COLONIAL AMERICAN CASUALTY AND SURETY COMPANY  
FIDELITY AND DEPOSIT COMPANY OF MARYLAND**



By: Eric D. Barnes  
*Eric D. Barnes*  
Assistant Secretary  
Eric D. Barnes

Thomas O. McClellan  
*Thomas O. McClellan*  
Vice President  
Thomas O. McClellan

State of Maryland  
City of Baltimore

On this 15th day of June, A.D. 2012, before the subscriber, a Notary Public of the State of Maryland, duly commissioned and qualified, **THOMAS O. MCCLELLAN, Vice President, and ERIC D. BARNES, Assistant Secretary**, of the Companies, to me personally known to be the individuals and officers described in and who executed the preceding instrument, and acknowledged the execution of same, and being by me duly sworn, depose and saith, that he/she is the said officer of the Company aforesaid, and that the seals affixed to the preceding instrument are the Corporate Seals of said Companies, and that the said Corporate Seals and the signature as such officer were duly affixed and subscribed to the said instrument by the authority and direction of the said Corporations.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year first above written.

Constance A. Dunn  
*Constance A. Dunn*



Constance A. Dunn, Notary Public  
My Commission Expires: July 14, 2015

**EXTRACT FROM BY-LAWS OF THE COMPANIES**

"Article V, Section 8, Attorneys-in-Fact. The Chief Executive Officer, the President, or any Executive Vice President or Vice President may, by written instrument under the attested corporate seal, appoint attorneys-in-fact with authority to execute bonds, policies, recognizances, stipulations, undertakings, or other like instruments on behalf of the Company, and may authorize any officer or any such attorney-in-fact to affix the corporate seal thereto; and may with or without cause modify or revoke any such appointment or authority at any time."

**CERTIFICATE**

I, the undersigned, Vice President of the ZURICH AMERICAN INSURANCE COMPANY, the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, and the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, do hereby certify that the foregoing Power of Attorney is still in full force and effect on the date of this certificate; and I do further certify that Article V, Section 8, of the By-Laws of the Companies is still in force.

This Power of Attorney and Certificate may be signed by facsimile under and by authority of the following resolution of the Board of Directors of the ZURICH AMERICAN INSURANCE COMPANY at a meeting duly called and held on the 15th day of December 1998.

RESOLVED: "That the signature of the President or a Vice President and the attesting signature of a Secretary or an Assistant Secretary and the Seal of the Company may be affixed by facsimile on any Power of Attorney...Any such Power or any certificate thereof bearing such facsimile signature and seal shall be valid and binding on the Company."

This Power of Attorney and Certificate may be signed by facsimile under and by authority of the following resolution of the Board of Directors of the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY at a meeting duly called and held on the 5th day of May, 1994, and the following resolution of the Board of Directors of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND at a meeting duly called and held on the 10th day of May, 1990.

RESOLVED: "That the facsimile or mechanically reproduced seal of the company and facsimile or mechanically reproduced signature of any Vice-President, Secretary, or Assistant Secretary of the Company, whether made heretofore or hereafter, wherever appearing upon a certified copy of any power of attorney issued by the Company, shall be valid and binding upon the Company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seals of the said Companies, this      day of SEP 23 2013, 20    .



*Geoffrey Delisio*

Geoffrey Delisio, Vice President

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT**

State of California

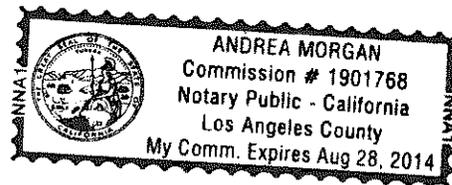
County of Los Angeles

On September 25, 2013 before me, Andrea Morgan, Notary Public, personally appeared DAMON PORTER who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(ies), and that by his/~~her/their~~ signature(s) on the instrument the person(s) , or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Andrea Morgan



**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California }  
County of Riverside

On SEP 23 2013 before me, Stephanie D. Fisher, Notary Public  
Date Here Insert Name and Title of the Officer  
personally appeared Julia B. Gladding  
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Place Notary Seal Above

Signature [Handwritten Signature]  
Signature of Notary Public

**OPTIONAL**

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

**Description of Attached Document**

Title or Type of Document: \_\_\_\_\_

Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: none

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: Julia B. Gladding

- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_



Signer Is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_



Signer Is Representing: \_\_\_\_\_



## STAFF REPORT

### CITY OF CALIMESA CITY COUNCIL MEETING

**SUBJECT:** ADOPTION OF RESOLUTION NO. 2014-15, ADOPTING THE LOCAL HAZARD MITIGATION PLAN ANNEX FROM THE RIVERSIDE COUNTY OPERATIONAL AREA MULTI-JURISDICTIONAL LOCAL HAZARD MITIGATION PLAN AS REQUIRED BY THE FEDERAL DISASTER MITIGATION AND COST REDUCTION ACT OF 2000.

**MEETING DATE:** May 19, 2014

**PREPARED BY:** Bob French, Public Works Director

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**RECOMMENDATION:** That the City Council adopt Resolution No. 2014-15, a Resolution of the City Council of the City of Calimesa, California adopting the Local Hazard Mitigation Plan Annex from the Riverside County Operational Area Multi-jurisdictional Local Hazard Mitigation Plan as required by the Federal Disaster Mitigation and Cost Reduction Act of 2000.

---

**BACKGROUND:** The Disaster Mitigation Act of 2000 requires all jurisdictions to be covered by a Local Hazard Mitigation Plan to be eligible for Federal Emergency Management Agency post-disaster funds. The City of Calimesa has committed to participate in the development of the Riverside County Operational Area Multi-Jurisdictional Local Hazard Mitigation Plan and coordinated the development of the Calimesa Local Hazard Mitigation Plan Annex.

Staff is concerned about mitigating potential losses from natural disasters before they occur, this plan identifies potential hazards, potential losses and potential mitigation measures that will limit those losses. The California State of Emergency Services has reviewed the plan on behalf of the Federal Emergency Management Agency and formal adoption of the plan by the City Council is required, before final approval of the plan can be obtained from the Federal Emergency Management Agency.

Staff respectfully requests that the City Council adopt the Local Hazard Mitigation Plan Annex, as it would be in the best interest of the City.

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**ATTACHMENTS:**

Attachment A: Resolution No. 2014-15.

**RESOLUTION NO. 2014-15**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALIMESA, CALIFORNIA ADOPTING THE LOCAL HAZARD MITIGATION PLAN ANNEX FROM THE RIVERSIDE COUNTY OPERATIONAL AREA MULTI-JURISDICTIONAL LOCAL HAZARD MITIGATION PLAN AS REQUIRED BY THE FEDERAL DISASTER MITIGATION AND COST REDUCTION ACT OF 2000.**

**WHEREAS**, President William J. Clinton signed H.R. 707, the Disaster Mitigation and Cost Reduction Act of 2000, into law on October 30, 2000.

**WHEREAS**, the Disaster Mitigation Act of 2000 requires all jurisdictions to be covered by a Local Hazard Mitigation Plan to be eligible for Federal Emergency Management Agency post-disaster funds; and

**WHEREAS**, The City of Calimesa has committed to participate in the development of the Riverside County Operational Area Multi-Jurisdictional Local Hazard Mitigation Plan; and

**WHEREAS**, the City of Calimesa coordinated the development of the Calimesa Local Hazard Mitigation Plan Annex; and

**WHEREAS**, the City of Calimesa is concerned about mitigating potential losses from natural disasters before they occur, and

**WHEREAS**, the plan identifies potential hazards, potential losses and potential mitigation measures to limit losses, and

**WHEREAS**, the California State of Emergency Services has reviewed the plan on behalf of the Federal Emergency Management Agency; and

**WHEREAS**, formal adoption of the plan by the City Council is required before final approval of the plan can be obtained from the Federal Emergency Management Agency; and

**WHEREAS**, The City of Calimesa has determined that it would be in the best interest of the City to adopt the Local Hazard Mitigation Plan Annex.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CALIMESA DOES RESOLVE AS FOLLOWS:**

**Section 1.** The Local Hazard Mitigation Plan Annex has been adopted to meet the requirements of the Disaster Mitigation and Cost Reduction Act of 2000; and directs the City Clerk to forward the Local Hazard Mitigation Plan Annex to the Riverside County Fire Department – Office of Emergency Services, the California Governor’s Office of Emergency Services and to the Federal Emergency Management Agency on behalf of the City of Calimesa for final approval.

**PASSED, APPROVED AND ADOPTED** this 19<sup>th</sup> day of May, 2014

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WILLIAM DAVIS, MAYOR

ATTEST:

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DARLENE GERDES, CITY CLERK

## Agenda Item No. 8



# STAFF REPORT

## CITY OF CALIMESA CITY COUNCIL MEETING

**SUBJECT:** NOTICE OF THREE-YEAR URBAN COUNTY QUALIFICATION  
CDBG, HOME, AND ESG PROGRAMS

**MEETING DATE:** May 19, 2014

**PREPARED BY:** Randy Anstine, City Manager

---

**RECOMMENDATION:** That the City Council authorize the City Manager to sign the Statement of Non-Participation and submit to the EDA as well as a copy to the HUD Region IX office in Los Angeles.

---

**BACKGROUND:** The County of Riverside is in the process of qualifying as an Urban County for the Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME) and the Emergency Solutions Grant (ESG) for Federal Fiscal Years 2015, 2016 and 2017. The City may elect to participate in the County of Riverside's Urban County designation and alternatively the City may elect not to participate in the Urban County Designation.

If the City participates as part of the Urban County program, then the City is ineligible to apply for grants under HUD's Small Cities (State) CDBG program for the fiscal years during the period the City would participate with the Urban County.

In the past the City of Calimesa has not participated in the Urban County program and has applied for grants through HUD and the State CDBG program on their own. The City has been successful in obtaining CDBG and HOME grants as a result of submitted applications.

Staff would respectfully request that Council approve non-participation in the County's Urban County program and authorize the City Manager to sign the Statement of Non-Participation for submittal to the EDA, as well as a copy to the HUD Region IX office in Los Angeles.

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**ATTACHMENTS:**

Attachment A: Notice of Non-Participation and Letter form EDA



April 30, 2014

Mr. Randy Anstine, City Manager  
City of Calimesa  
908 Park Avenue  
Calimesa, CA 92320

**SUBJECT:** Notice of Three-Year Urban County Qualification  
CDBG, HOME, and ESG Programs  
Federal Fiscal Years 2015, 2016, and 2017 (Program Years 2015-16, 2016-17, 2017-18)

Dear Mr. Anstine:

The County of Riverside is in the process of qualifying as an Urban County for the Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME), and the Emergency Solutions Grant (ESG) for Federal Fiscal Years 2015, 2016, and 2017. This letter serves to notify you that your city may elect to participate in the County of Riverside's Urban County designation; alternatively, you may elect not to participate in the Urban County designation.

A city that participates as part of the Urban County program is automatically included in the County's CDBG, HOME, and ESG programs. Participation in the Urban County program makes you ineligible to apply for grants under HUD's Small Cities (State) CDBG program for the fiscal years during the period in which you are participating with the Urban County.

If you elect not to execute a cooperation agreement to participate in the County's Urban County program, your city will be eligible to apply to the State of California for funds made available from HUD's State CDBG program.

**Participation:** If your city elects to participate in the County of Riverside's Urban County program, then please complete and return the enclosed document (top portion) to EDA, no later than May 22, 2014.

**Non-participation:** If your city elects not to participate in the County's Urban County program, please submit the Statement of Non-Participation to EDA as well as a copy to the HUD Region IX office in Los Angeles, no later than May 22, 2014. It is recommended that you submit a copy of the city council's minute order whereby the city elected not to participate in the Urban County program.

**Notice of Urban County Qualification**  
**April 30, 2014**  
**Page 2**

If it is determined that your city will participate in the Urban County program, a Cooperation Agreement will be forwarded to you in the near future.

**Your cooperation in meeting the required deadline of May 22, 2014, is greatly appreciated.** To expedite the process, you can Fax (951-955-9505) or email ([mmvaldivia@rivcoeda.org](mailto:mmvaldivia@rivcoeda.org)) a copy of the signed Notice of Participation/Non-Participation prior to returning the original through regular mail.

We look forward to your city's participation in our Urban County program. If you have any questions, please contact Melissa Valdivia at 951-955-9803.

Sincerely,

A handwritten signature in blue ink that reads "John Thurman". The signature is fluid and cursive.

John Thurman  
EDA Development Manager CDBG/ESG Programs  
Community Services Division

Enclosure: Elect/Non-Elect Statement

COUNTY OF RIVERSIDE  
Urban County Qualification  
Federal Fiscal Years 2015, 2016, 2017

**NOTICE OF PARTICIPATION**

\_\_\_\_\_ This City elects to participate in the Urban County (Riverside County) CDBG, HOME, and ESG Programs for Federal Fiscal Years 2015, 2016, and 2017.

City of \_\_\_\_\_

Signed: \_\_\_\_\_  
City Manager

Date \_\_\_\_\_

-----

**NOTICE OF NON-PARTICIPATION**

\_\_\_\_\_ This City elects NOT to participate in the Urban County (Riverside County) CDBG, HOME, and ESG programs for Federal Fiscal Years 2015, 2016, and 2017.

Electing not to participate, the City will also notify the HUD office at:

HUD Region IX- Los Angeles Office  
AT&T Center, 611 W. 6th St.  
Los Angeles, CA 90017

City of \_\_\_\_\_

Signed: \_\_\_\_\_  
City Manager

Date \_\_\_\_\_

When completed, please submit to the following:

John Thurman, EDA Development Manager CDBG/ESG Programs  
Riverside County Economic Development Agency  
3403 Tenth St., Suite 400  
Riverside, CA 92501

## Agenda Item No. 9



# STAFF REPORT

## CITY OF CALIMESA CITY COUNCIL MEETING

**SUBJECT:** Federal Funding Cooperative Agreement No. 14-72-121-00 with Riverside County Transportation Commission for the I-10/Cherry Valley Boulevard Interchange Improvements Project

**MEETING DATE:** May 19, 2014

**PREPARED BY:** Michael P. Thornton, City Engineer

---

**RECOMMENDATION:** That the City Council authorize the City Manager to execute the Federal Funding Cooperative Agreement with Riverside County Transportation Commission (RCTC).

---

**DISCUSSION:** In June 2013, Council approved the City's '13 -'14 Capital Improvement Program. The CIP included budget amounts for the Cherry Valley Boulevard Interchange project totaling \$100,000.

In September 2013, the City staff submitted an application to Riverside County Transportation Commission in response to 2013 Multi-Funding Call for Projects. Staff submitted an application to complete Caltrans project and environmental document approval for the Cherry Valley Boulevard Interchange that includes roundabout construction.

In December 2013, the City was advised that it has been selected for in the amount of \$443,000 to complete the tasks presented above. The program requires that the City provide a local funding match of approximately 11.47% or \$57,395. Approved CIP funding will be used to achieve the match funding.

In May 2014, the City received an agreement for execution.

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**FISCAL IMPACTS:** None

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**ATTACHMENTS:**

Attachment A: RCTC Agreement No. 14-72-121-00

May 1, 2014

Mr. Randy Anstine  
City of Calimesa  
908 Park Avenue  
Calimesa, CA 92320

Subject: Transmittal of Agreement No. 14-72-121-00 - Multi-Funding Call for Projects Award of January 8, 2014 – I-10/Cherry Valley Boulevard IC Improvements (PA&ED)

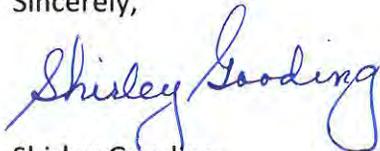
Dear Mr. Anstine:

Enclosed are four originals of the above-listed agreement. After your review, please complete the tabbed blank line on each page 9 and sign at each tabbed place on each page 11. **Do not fill in the effective date.** RCTC staff will do that once the Commission's Executive Director has signed. Once signed, please return all the originals to RCTC. An original agreement will be returned to you for your file after completion of the process.

Please note that it is important you reference Agreement No. 14-72-121-00 on all future correspondence, insurance certificate submittals, and invoices.

Please contact Grace Alvarez at (951) 787-7141 if you have any questions.

Sincerely,



Shirley Gooding  
Administrative Assistant

Enclosure(s)

**Riverside County Transportation Commission  
FEDERAL FUNDING COOPERATIVE AGREEMENT WITH THE CITY OF CALIMESA  
FOR RCTC'S 2013 MULTI-FUNDING CALL FOR PROJECT**

1. Parties and Date. This Agreement is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2014, by and between the Riverside County Transportation Commission, hereinafter referred to as "RCTC," and the City of Calimesa, hereinafter referred to as "Agency".

2. Recitals.

2.1 In 1991 the United States Congress authorized the Congestion Mitigation and Air Quality Improvement (CMAQ) Program. CMAQ was most recently reauthorized on July 6, 2012, when the President of the United States signed into law P.L. 112-141, the Moving Ahead for Progress in the 21st Century Act (MAP-21). Under MAP-21, CMAQ provides funding to areas in nonattainment or maintenance for ozone, carbon monoxide, and/or particulate matter; and

2.2 MAP-21 also provided continued funding for the Surface Transportation Program (STP). The STP provides funding for state and local government agencies for a range of transportation improvement projects, provided that the projects are identified in the State Transportation Improvement Plan (STIP)/Federal Transportation Improvement Program (FTIP), and meet other funding requirements identified in MAP-21; and

2.3 The California Department of Transportation (hereinafter referred to as "Caltrans") administers the CMAQ and STP programs on behalf of the Federal Highway Administration (hereinafter referred to as "FHWA"); and

2.4 Within Riverside County, RCTC is responsible for directing the programming and allocation of CMAQ and STP funding to projects within Riverside County. To this end, RCTC held a 2013 Multi-funding Call for Projects; and

2.5 Agency prepared a project proposal, attached hereto as Exhibit "A", in accordance with RCTC's Call For Projects; and

2.6 The proposal submitted by Agency describes a priority project which RCTC has determined merits funding, and Agency is eligible to receive CMAQ and/or STP funds. Agency's proposal is referred to herein as the "Project"; and

2.7 Contingent on Caltrans and/or FHWA approval of the Project, funding shall be programmed by RCTC in the form of CMAQ and/or STP funds, as further specified herein; and

2.8 On January 8, 2014, RCTC's Board of Directors approved the programming by RCTC of up to Four Hundred Forty-Three Thousand dollars (\$443,000) in CMAQ funds to be matched with Fifty-Seven Thousand Three Hundred Ninety-Five dollars (\$57,395) in Agency funds for the Project; and

2.9 Agency shall be the direct recipient of any federal funds provided for the Project, and shall utilize the funding disbursed by Caltrans solely for the Project.

3. Terms.

3.1 Definition; Term of Agreement.

A. Definitions.

1. Days - As used in this Agreement, "days" shall be calendar days.

2. Effective Date – Refers to the date first specified above.

3. Funding Plan – The plan included as part of the attached Exhibit "A" specifying the funding amounts and funding sources for the Project.

4. Project – The project proposed by Agency, as described in Agency's proposal, attached hereto as Exhibit "A", which has been reviewed and approved by RCTC.

B. Term. The term of this Agreement shall commence on the Effective Date and shall continue in effect through December 31, 2018, or until written agreement by the Parties that the Project has been completed, unless earlier terminated as provided herein.

C. Term Contingent on Funding. Notwithstanding the term as defined in subsection B above, the continuation of this Agreement and the programming of the federal funds specified hereunder is contingent on funding availability under MAP-21, on the Project maintaining funding eligibility, and on FHWA and Caltrans approval of the Project, and each Project phase. The parties acknowledge that RCTC is not the funding entity hereunder, and shall have no responsibility or liability to Agency for failure of FHWA or Caltrans to fund the Project, or for any delay, cancellation or reduction of federal funds.

3.2 Use of Funds.

A. Agency Responsibilities. Contingent on Southern California Association of Governments (hereinafter referred to as "SCAG"), Caltrans and FHWA approval of the Project and the funding to be programmed hereunder, Agency shall have the responsibilities set forth in this Agreement, including the following.

1. Agency shall act as the lead agency for the engineering, right-of-way, construction and construction management for the Project, unless the Project is on the state highway system and a cooperative agreement with Caltrans specifies that Caltrans is the lead of a specified project phase.

2. Agency shall submit National Environmental Policy Act (NEPA) and the California Environmental Quality Act (CEQA) environmental documentation to Caltrans for approval.

3. Agency shall prepare and submit all necessary Caltrans-required documentation to Caltrans District 8 including the request for authorization to proceed (hereinafter referred to as "E-76 Request") as indicated on the Project schedule and Funding Plan.

4. Agency shall be the direct recipient of all federal funds to be provided for the Project, and shall invoice Caltrans for Project costs at minimum once every six months, or as otherwise required by Caltrans.

5. Agency shall create any necessary Project records, reports and financial accounts to permit disbursement of allocated funds to Agency, and shall ensure that federal and state reporting requirements are met.

B. Project Changes; Cost Overruns. The federal funds described in Section 3.4 and Exhibit "A" of this Agreement are specifically for the Project and make up the entire amount which RCTC has authorized for the Project. Any subsequent amendments to the Project scope or description are not covered by this Agreement, and the funding for any such amendments or for any Project cost overruns shall be the sole responsibility of Agency, unless otherwise approved in writing by RCTC.

C. Cost Savings. In the event that bids for the Project are lower than anticipated, or there are cost savings for any other reason, the Funding Plan shall be revised to apply such cost savings proportionately to each funding source listed in the Funding Plan. Agency shall inform RCTC of any cost savings and the parties shall amend this Agreement to reflect the revisions to the Funding Plan. RCTC's Executive Director and the Agency Manager shall be authorized to execute any such amendment.

D. Responsibility of Agency for Project Compliance with Federal Rules and Regulations. Agency shall be solely responsible and liable for compliance with all federal and state rules and regulations applicable to the CMAQ and/or STP funds. Approval by RCTC of the Project does not evidence any opinion of or representation by RCTC of the Project's compliance with applicable federal or state rules and regulations regarding use of the CMAQ and/or STP funds. If Caltrans or FHWA determines that any CMAQ and/or STP funds were not spent in accordance with applicable federal or state rules and regulations, Agency shall be solely responsible for reimbursement of all such

improperly expended funds and shall make such reimbursement in the manner specified in this Agreement.

E. Funding Reimbursement by Agency. If it is determined pursuant to a Project audit that any funds provided pursuant to this Agreement have been improperly expended, Agency shall, at the direction of the agency performing the audit (e.g. RCTC, Caltrans, FHWA or FTA) reimburse within thirty (30) days the full amount of such improperly expended funds. The funds shall be reimbursed in accordance with the recommendations in the audit, with a notice to RCTC that the reimbursement was accomplished.

### 3.3 Additional Responsibilities of Agency

A. Indemnification. To the fullest extent permitted by law, Agency shall defend, indemnify and hold RCTC, its directors, officials, officers, employees, agents and/or volunteers free and harmless from any and all liability from loss, damage, or injury to property or persons, including wrongful death, in any manner arising out of or incident to any acts, omissions or willful misconduct of Agency or any of its directors, officials, officers, employees, agents, volunteers, or service providers arising out of or in connection with Agency's performance of this Agreement, or the Project, including, without limitation, the payment of consequential damages and attorneys' fees. Further, Agency shall defend, at its own expense, including the payment of attorneys' fees, RCTC, its officials, officers, employees, agents and/or volunteers in any legal action based upon such acts, omissions or willful misconduct. Agency shall reimburse RCTC, its directors, officials, officers, employees, agents and/or volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided.

#### B. Standard of Care; Performance Standards.

1. Agency shall implement the Project in a skillful and competent manner and in accordance with all applicable local, state, and federal laws, rules and regulations. Agency shall be responsible to RCTC for any errors or omissions in its execution of this Agreement or the implementation of the Project.

2. Agency shall meet or exceed the following performance standards for the Project:

a. Adhere to the timeline set forth in this Agreement or as subsequently approved by RCTC.

b. Expend the funding specified herein entirely on the Project.

c. Implement the Project in a manner consistent with Exhibit "A" and all provisions of this Agreement.

d. Provide Project reporting to RCTC in a manner consistent with this Agreement.

e. Comply with any requirements and restrictions imposed by the authorizing language in MAP-21.

C. Insurance. Agency shall obtain and require its subcontractors or sub-consultants to obtain insurance of the types and in the amounts described below for the entire term of this Agreement.

1. Commercial General Liability Insurance. Agency shall maintain and require its consultants and contractors to maintain sufficient insurance to cover the risks associated with the Project.

a. Name RCTC and its officials, officers, employees, agents, and consultants, as insureds with respect to performance of this Agreement. Such insured status shall contain no special limitations on the scope of its protection to the above-listed insureds.

b. Be primary and noncontributory with respect to any insurance or self insurance programs covering RCTC and its directors, officials, officers, employees, agents, and consultants.

c. Contain standard separation of insureds provisions.

2. Business Automobile Liability Insurance. If Agency hires or owns any vehicle during the term of this Agreement, Agency shall maintain business automobile liability insurance or equivalent form with a combined single limit of not less than \$1,000,000 per occurrence. Such insurance shall include coverage for owned, hired and non-owned automobiles.

3. Workers' Compensation Insurance. Agency shall maintain workers' compensation insurance with statutory limits and employer's liability insurance with limits of not less than \$1,000,000 per accident.

4. Certificates/Insurer Rating/Cancellation Notice. Agency shall, prior to receiving any funding under this Agreement, furnish to RCTC properly executed certificates of insurance, certified copies of endorsements, and policies, if requested by RCTC which shall clearly evidence all insurance required in this Section. Agency shall not allow such insurance to be canceled, allowed to expire or be materially reduced in coverage except on thirty (30) days prior written notice to RCTC.

D. Obligation to Provide Match Funding. Agency must provide funding at least equal to the amounts shown in Exhibit "A", attached hereto and incorporated by reference, as a match to the funds provided for the Project.

### 3.4 RCTC's Rights and Responsibilities.

A. RCTC shall formally request on behalf of Agency that SCAG amend the FTIP to program up to the amount in accordance with the Funding Plan.

B. RCTC shall provide assistance to Agency, as described in this Agreement, in securing the CMAQ funds in an amount not to exceed \$443,000, as further detailed in the Funding Plan.

C. RCTC shall not be obligated to program any amount in excess of the amount identified in subsection B above, or the amount ultimately approved for the Project by Caltrans and FHWA, if less than the amount set forth in subsection B above.

D. RCTC shall process any required FTIP amendments.

E. RCTC may cancel funding for the Project under this Agreement if Agency has not submitted an E-76 Request to Caltrans or has not advanced the Project to the "ready-to-list stage" as required by the Project schedule included in the attached Exhibit "A".

F. RCTC will consider requests for extensions of time if the request if the reason for delay is above and beyond the agencies control.

### 4. Accounting Records.

4.1 Retention of Records. Agency shall maintain complete and accurate records with respect to costs incurred and other records generated under this Agreement. All such records shall be clearly identifiable. Agency shall allow representatives of RCTC, Caltrans, FHWA, and other designated agencies during normal business hours to examine, audit, and make transcripts or copies of such records. Agency shall maintain all work, data, documents, proceedings, and activities related to the Agreement for a period of three (3) years from the expiration of this Agreement and shall allow inspection hereunder during such time.

4.2 Accounting of Funds. When requested by RCTC, Agency shall within fifteen (15) days provide RCTC with a full reporting and accounting of all funds received pursuant to this Agreement during its term.

### 5. Project Reports.

5.1 Reporting: Agency shall, in a timely manner, provide milestone reports detailing the Project's progress including a financial status report and milestone progress report in a form approved by RCTC, upon RCTC written request.

5.2 Responsibility for Federal Reporting: The responsibility for reporting associated with the CMAQ and/or STP funds shall be exclusively that of the Agency and in no manner the responsibility of RCTC.

6. Annual Audit.

6.1 RCTC shall notify Agency in writing, by the end of the fiscal year, if Agency is required to conduct an annual financial audit of records pertaining to the Project. If an audit is required, it shall be completed and submitted to RCTC by December 31<sup>st</sup> of the following fiscal year ("Audit Deadline"). In order to ensure compliance with the Audit Deadline, Agency shall respond promptly to the auditor's requests for documentation and records.

6.2 RCTC may, in its sole and absolute discretion, grant an extension of the Audit Deadline upon written request of the Agency, which request shall include an explanation for the delay. No extension of the Audit Deadline shall exceed ninety (90) days.

6.3 Agency shall promptly resolve all audit matters to the satisfaction of RCTC.

6.4 If Agency fails to complete the audit by the Audit Deadline or by the date of any authorized extension, or if Agency fails to promptly resolve all audit matters to the satisfaction of RCTC, RCTC shall have the right to request suspension of Agency's funding by Caltrans.

7. General Provisions.

7.1 Compliance with Federal Procurement Requirements.

A. In addition to the terms specified herein, Agency shall also achieve and maintain full compliance with all federal contracting and procurement requirements applicable to the Project and Agency's organization. It is the responsibility of the Agency to be familiar with and to be in full compliance with all applicable Caltrans and federal requirements.

B. In the event of any failure or alleged failure to comply with federal contracting and procurement requirements on the part of the Agency, Agency shall be solely responsible for any penalties, reimbursement of funds, costs of investigation and remedy of such failures.

7.2 Termination of Agreement.

A. RCTC may, by written notice to Agency terminate the whole or any part of this Agreement at any time, with or without cause, by giving written notice to Agency of such termination, and specifying the effective date thereof. Agency may not terminate this Agreement except for cause. Upon receipt of notice of termination, Agency shall immediately cease expenditure of funds conveyed pursuant to this Agreement and promptly return all unexpended funds to RCTC or as RCTC may direct.

B. In the event this Agreement is terminated in whole or in part as provided in subsection A of this Section, RCTC may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

C. If this Agreement is terminated as provided in subsection A of this Section, RCTC may require Agency, when implementing a Project, to provide to RCTC all finished or unfinished documents, including but not exclusive to, data, studies, drawings, and reports, prepared by Agency in connection with the performance of this Agreement.

7.3 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

**To RCTC:** Riverside County Transportation Commission  
4080 Lemon Street, Third Floor  
P. O. Box 12008  
Riverside, California 92502-2208  
Attn: Anne Mayer, Executive Director  
Amayer@rctc.org

**To Agency:** City of Calimesa  
908 Park Ave.  
Calimesa, CA 92320  
Attn: Randy Anstine  
E-mail: [ranstine@cityofcalimesa.net](mailto:ranstine@cityofcalimesa.net)

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. mail, first class postage prepaid and addressed to the party at its applicable address. Notice may also be provided via electronic mail and shall be deemed made the date sent, provided that any notice sent via electronic mail shall also be sent by U.S. mail, per the requirements set forth in the foregoing sentence, within twenty-four (24) hours of the notice via electronic mail. Notice sent via electronic mail that is not followed by notice sent via U.S. mail, as required in this paragraph, shall not be considered notice for purposes of this Agreement.

7.4 Attorneys' Fees. If any party commences an action against the other arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party's reasonable attorneys' fees and costs of suits.

7.5 Entire Agreement. This Agreement contains the entire Agreement of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be modified in writing, signed by both parties.

7.6 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in Riverside County.

7.7 Time of Essence. Time is of the essence for each and every provision of this Agreement.

7.8 Successors and Assigns. This Agreement shall be binding on the successors and assigns of the parties, and shall not be assigned by Agency without the prior written consent of RCTC.

7.9 Administration.

A. RCTC's Executive Director, or his or her designee, shall administer this Agreement on behalf of RCTC.

B. Agency hereby designates \_\_\_\_\_ or his or her designee, to act as its representative to administer this Agreement on behalf of Agency ("Agency's Representative"). Agency's Representative shall have full authority to represent and act on behalf of Agency for all purposes under this Agreement.

7.10 Severability. If any term, provision, covenant or condition of this Agreement is held to be invalid, void or otherwise unenforceable, to any extent, by any court of competent jurisdiction, the remainder of this Agreement shall not be affected thereby, and each term, provision, covenant or condition of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

7.11 Counterparts. This Agreement may be executed and delivered in any number of counterparts, each of which, when executed and delivered shall be deemed an original and all of which together shall constitute the same agreement. Facsimile signatures shall be considered originals.

7.12 Incorporation of Recitals. The Recitals set forth above are true and correct and are incorporated into this Agreement by reference as though fully set forth herein.

7.13 Incorporation of Exhibit. This Agreement contains one (1) exhibit (Exhibit "A") which is attached hereto and incorporated into this Agreement by reference.

7.14 Legal Authority. RCTC and Agency represent and warrant that the persons signing below on behalf of each party is duly authorized to execute this Agreement on behalf of its respective party and that, by so executing, the parties hereto are formally bound to the provisions of this Agreement.

[Signatures on following page]

**SIGNATURE PAGE  
TO  
FEDERAL FUNDING AGENCY AGREEMENT  
FOR RCTC'S 2013 MULTI-FUNDING CALL FOR PROJECT**

**IN WITNESS WHEREOF**, the parties hereto have executed the Agreement on the Effective Date.

**RCTC:  
RIVERSIDE COUNTY  
TRANSPORTATION COMMISSION**

**AGENCY:  
THE CITY OF CALIMESA**

By: \_\_\_\_\_  
Anne Mayer, Executive Director

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**APPROVED AS TO FORM:**

**APPROVED AS TO FORM:**

By:  \_\_\_\_\_  
Best/Best & Krieger LLP  
Counsel to the Riverside  
County Transportation Commission

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**ATTEST:**

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT "A"**

**SCOPE OF WORK, FUNDING  
AND TIMETABLE**

SCOPE OF WORK: Preliminary Engineering for replacement of the I-10/Cherry Valley Boulevard Interchange (existing curved overcrossing) with two 90 ft. radius on/off ramps roundabouts.

FUNDING:

PHASE	CMAQ Funds	Local Funds	TOTAL
ENVIRONMENTAL	\$443,000	\$57,395	\$500,395
TOTAL	\$443,000	\$57,395	\$500,395

TIMETABLE:

Phase	Start*	End*	Comments
Environmental	January 2015	December 2015	

\*Schedule start and end dates revised based on programming of federal funds and modeling details in 2015 FTIP Update.



## STAFF REPORT

### CITY OF CALIMESA CITY COUNCIL MEETING

**SUBJECT:** Public Hearing to Consider Ordinance No. 330 approving Zone Text Amendment 14-02; an amendment to the Western Riverside County Transportation Uniform Mitigation Fee Program for the purpose of creating a Disabled Veterans Exemption to the Code.

**MEETING DATE:** May 19, 2014

**PREPARED BY:** Mathew Evans, Community Development Director

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**RECOMMENDATION:** Staff recommends that the City Council open the public hearing, take testimony and close the public hearing, and then conduct 1<sup>st</sup> reading by title only, of Ordinance No. 330 approving Zone Text Amendment 14-02; an amendment to Chapter 18.105, "Western Riverside County Transportation Uniform Mitigation Fee Program" §§ .030(G) Establishment of the Transportation Uniform Mitigation Fee – Exemptions to the Calimesa Municipal Code to add an exemption for Disabled Veterans Housing.

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**BACKGROUND:** The City of Calimesa is a Member Agency of the Western Riverside Council of Governments ("WRCOG"), a joint powers agency comprised of the County of Riverside, March JPA, and 17 cities (including Calimesa) located in Western Riverside County. Acting in concert, the WRCOG Member Agencies developed a plan whereby the shortfall in funds needed to enlarge the capacity of the Regional System of Highways and Arterials due to new development in Western Riverside County could be made up in part by a Transportation Uniform Mitigation Fee ("TUMF") on future residential, commercial and industrial development. As a Member Agency of WRCOG and as a TUMF Participating Jurisdiction, the City participated in the preparation of a certain "Western Riverside County Transportation Uniform Fee Nexus Study," ("2009 Nexus Study") later adopted by the WRCOG Executive Committee. Based on the 2009 Nexus Study, the City adopted and implemented an ordinance authorizing the City's participation in the TUMF Program. In 2009, the City adopted the 2009 Nexus Study and Ordinance 302 [Ord. 302 § 2, 2009] to implement the TUMF Program in within the City of Calimesa.

Pursuant to the CMC Section 18.105.030(G), WRCOG, upon the recommendation of the WRCOG Executive Committee, now desires to amend the TUMF Ordinance to include the following exemption:

- Exempt non-profit 501 (c) (3) organizations who build new single-family homes specifically constructed and adapted for qualifying severely disabled veterans injured in theatre of combat operations.

On April 7, 2014, the WRCOG Executive Committee reviewed the attached revised TUMF Program Ordinance template and recommended TUMF Participating Jurisdictions amend their TUMF ordinances to reflect the changes.

The Planning Commission held a duly noticed public hearing on May 12, 2014, and adopted Resolution 2014-07, recommending approval of Ordinance 330 approving Zone Text Amendment 14-02; an amendment to Chapter 18.105, “Western Riverside County Transportation Uniform Mitigation Fee Program” §§ .030(G) Establishment of the Transportation Uniform Mitigation Fee – Exemptions of the Calimesa Municipal Code.

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**DISCUSSION:** The revised TUMF Ordinance recommendation to exempt non-profit 501 (c) (3) organizations from paying TUMF is specific in that it limits the exemption to new specially adapted homes for severely disabled veterans who are the recipients of a Veterans Administration Specially Adapted Housing (SAH) Grant or its equivalent. This short-fall is anticipated to be approximately one million dollars and will be accounted for in the 2014 Network Update. The amendments to Chapter 18.105 are specified in the draft ordinance.

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**ENVIRONMENTAL ANALYSIS:** Zone Text Amendment 14-02 is exempt from CEQA pursuant to CEQA Guidelines Section 15061 (b) (3) because the project is covered by the general rule that CEQA applies only to projects that have the potential for causing a significant effect on the environment. The exemption for Disabled Veterans Housing is not a specific development proposal and only exempts payment of certain fees associated with the TUMF program.

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**FISCAL IMPACT:** None

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**ATTACHMENTS:**

- Attachment A: Ordinance No. 330 approving Zone Text Amendment 14-02, an amendment to Chapter 18.105. §§ .030(G) of the Calimesa Municipal Code
- Attachment B: Planning Commission Resolution 2014-04 recommending to the City Council approval of Zone Text Amendment 14-02 and adoption of Ordinance No. 330.

## ORDINANCE NO. 330

### AN ORDINANCE OF THE CITY OF CALIMESA AMENDING CHAPTER 18.105 OF THE CALIMESA MUNICIPAL CODE TO INCLUDE NEW EXEMPTIONS FOR NEWLY CONSTRUCTED SPECIALLY ADAPTED HOMES FOR SEVERELY DISABLED VETERANS UNDER THE WESTERN RIVERSIDE COUNTY TRANSPORTATION UNIFORM MITIGATION FEE (“TUMF”) PROGRAM AND APPROVING A CALIFORNIA ENVIRONMENTAL QUALITY ACT EXEMPTION IN CONNECTION THEREWITH

THE CITY COUNCIL OF THE CITY OF CALIMESA (“CITY”) DOES ORDAIN AS FOLLOWS:

Section 1. Title. This Ordinance shall be known as Amendment No. 1 to the Western Riverside County Transportation Uniform Mitigation Fee Program Ordinance of 2009” (“Ordinance”).

Section 2. Findings. The City Council makes the following findings in connection with the adoption of this ordinance.

A. The City is a member agency of the Western Riverside Council of Governments (“WRCOG”), a joint powers agency comprised of the County of Riverside, the March Joint Powers Authority, and 17 cities located in Western Riverside County. Acting in concert, the WRCOG Member Agencies developed a plan whereby the shortfall in funds needed to enlarge the capacity of the Regional System of Highways and Arterials in Western Riverside County (the “Regional System”) could be made up in part by a Transportation Uniform Mitigation Fee (“TUMF”) on future residential, commercial and industrial development.

B. WRCOG, upon the recommendation of the WRCOG Executive Committee, now desires to adopt one new exemption under the Western Riverside County Transportation Uniform Mitigation Fee Program Ordinance of 2009. The exemption is for newly constructed, specially adapted homes for severely disabled veterans designed for maximum freedom movement and the ability to live more independently at no cost to qualifying disabled veterans.

C. The City Council finds and determines that the new exemption because of its small number of estimated properties, will not threaten the reasonable and rational relationship between the use of the TUMF and the type of development projects on which the fees are imposed because the fees will be used to construct the transportation improvements that are necessary for the safety, health and welfare of the residential and non-residential users of the development in which the TUMF will be levied. The City Council has also estimated the cost of the new exemption and understands that the TUMF fees will not be used to cover the fair share of these exempted properties or the Regional System.

D. The City Council has determined that the adoption of this Ordinance is not a project subject to review under the California Environmental Quality Act (“CEQA”) because it can be seen with certainty that this action has no possibility for having a significant effect on the environment. This Ordinance changes findings, fee exemptions, and fee credit procedures and standards. None of these changes will have a physical effect on the environment. Instead, these changes merely have a potential financial effect on land use applicants and the City, which effect is not subject to review under CEQA. The Ordinance is therefore exempt from CEQA pursuant to Section 15061(b)(3) of Title 14 of the California Code of Regulations (the “CEQA Guidelines”).

Section 3. Section 18.105.020 (Definitions) of Chapter 18.105 (Western Riverside County Transportation Uniform Mitigation Fee Program) of Title 18 (“Zoning, Land Use and Development Regulations”) of the Calimesa Municipal Code is hereby amended by the addition of the following definitions:

“Disabled Veteran” means any veteran who is retired or is in the process of medical retirement from military service who is or was severely injured in a theatre of combat operations, and has or received a letter of eligibility for the Veteran’s Administration of Specially Adapted Housing (“SAH”) Grant Program.”

“Non-Profit Organization” means an organization operated exclusively for exempt purposes set forth in section 501(c)(3) of the Internal Revenue Code, and none of its earning may inure to any private shareholder or individual. In addition, it may not be an action organization, i.e., it may not attempt to influence legislation as a substantial part of its activities and it may not participate in any campaign activity for or against political candidates. For the purposes of the TUMF Program the non-profit must be a 501(c)(3) charitable organization as defined by the Internal Revenue Service.”

Section 4. Exemption for Specially Adopted Homes for Severely Disabled Veterans. Subsection (G) of Section 18.105.030 (Establishment of the transportation uniform mitigation fee), of Chapter 18.105 (Western Riverside County Transportation Uniform Mitigation Fee Program) of Title 18 (Zoning, Land Use and Development Regulations) of the Calimesa Municipal Code is hereby amended to read as follows:

“G. Exemptions. The following new development shall be exempt from the TUMF:

1. Low-income residential housing.
2. Government/public buildings, public schools and public facilities.
3. The rehabilitation and/or reconstruction of any habitable structure in use on or after January 1, 2000; provided, that the same or fewer traffic trips are generated as a result thereof.

4. Development projects which are the subject of a public facilities development agreement entered into pursuant to Government Code Section 65864 et seq., prior to the effective date of the ordinance codified in this chapter, wherein the imposition of new fees is expressly prohibited; provided, that if the term of such a development agreement is extended by amendment or by any other manner after the effective date of the ordinance codified in this chapter, the TUMF shall be imposed.

5. Guest dwellings.

6. Additional single-family residential units located on the same parcel pursuant to the provisions of any agricultural zoning classifications set forth in this title.

7. Kennels and catteries established in connection with an existing single-family residential unit.

8. Detached second units.

9. The sanctuary building of a church or other house of worship eligible for a property tax exemption.

10. Any nonprofit corporation or nonprofit organization offering and conducting full-time day school at the elementary, middle school or high school level for students between the ages of five and 18 years.

11. New homes, constructed by non-profit organizations, specially adapted and designed for maximum freedom of movement and independent living for qualified Disabled Veterans.”

Section 5. No Retroactive Effect. No provisions of this ordinance shall entitle any person who has already paid the TUMF to receive a refund, credit or reimbursement of such payment because of this new exemption.

Section 6. Savings Clause. Neither the adoption of this ordinance nor the repeal of any other ordinance of this City shall in any manner affect the prosecution of any violation of any City ordinance or provision of the Calimesa Municipal Code, committed prior to the effective date hereto, nor be construed as a waiver of any license or penalty or the penal provision applicable to any violation thereof.

Section 7. Judicial Review - “In accordance with State law, any judicial action or proceeding to attack, review, set aside, void or annul this Ordinance shall be commenced within ninety (90) days of the date of adoption of this Ordinance”

Section 8. Severability. If any section, subsection, sentence, clause, phrase or portion of this ordinance for any reason is held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity or the remaining portions of this ordinance. The City Council of the City of Calimesa

hereby declares that it would have adopted this ordinance and each section, subsection, sentence, clause, phrase or portion thereof irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases or portions were to be declared invalid or unconstitutional.

Section 9. Full Force and Effect. Except to the extent expressly modified or amended hereunder, all of the terms, covenants, and conditions of Chapter 18.105 of the Calimesa Municipal Code shall remain in full force and effect.

Section 10. Effective Date; Publication. This ordinance shall take effect thirty (30) days after its final passage, and within fifteen (15) days after its passage, the City Clerk shall cause this ordinance or a summary hereof to be published and or posted as required by law and by the City’s ordinances and resolutions.

**INTRODUCED AND PASSED UPON FIRST READING** by title only, upon the following roll call vote, this [ ] day of [ ]:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

ABSTAIN: COUNCILMEMBERS:

**PASSED, APPROVED AND ADOPTED** this [ ] day of [ ] upon the following roll call vote:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

ABSTAIN: COUNCILMEMBERS:

\_\_\_\_\_  
WILLIAM “BILL” DAVIS, MAYOR  
CITY OF CALIMESA

ATTEST:

\_\_\_\_\_  
DARLENE GERDES, CITY CLERK

APPROVED AS TO FORM:

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KEVIN ENNIS, CITY ATTORNEY

**RESOLUTION NO. 2014-07**

**A RESOLUTION OF THE CALIMESA PLANNING COMMISSION  
RECOMMENDING APPROVAL OF ZONE TEXT AMENDMENT 14-02  
AMENDING CHAPTER 18.105 OF THE CALIMESA MUNICIPAL CODE  
TO INCLUDE NEW EXEMPTIONS FOR NEWLY CONSTRUCTED  
SPECIALLY ADAPTED HOMES FOR SEVERELY DISABLED  
VETERANS UNDER THE WESTERN RIVERSIDE COUNTY  
TRANSPORTATION UNIFORM MITIGATION FEE ("TUMF") PROGRAM  
AND APPROVING A CALIFORNIA ENVIRONMENTAL QUALITY ACT  
EXEMPTION IN CONNECTION THEREWITH**

WHEREAS, the City is a member agency of the Western Riverside Council of Governments ("WRCOG"), a joint powers agency comprised of the County of Riverside, the March Joint Powers Authority, and 17 cities located in Western Riverside County; and,

WHEREAS, Acting in concert, the WRCOG Member Agencies developed a plan whereby the shortfall in funds needed to enlarge the capacity of the Regional System of Highways and Arterials in Western Riverside County (the "Regional System") could be made up in part by a Transportation Uniform Mitigation Fee ("TUMF") on future residential, commercial and industrial development; and

WHEREAS, upon the recommendation of the WRCOG Executive Committee, now desires to adopt one new exemption under the Western Riverside County Transportation Uniform Mitigation Fee Program Ordinance of 2009; and,

WHEREAS, the exemption is for newly constructed, specially adapted homes for severely disabled veterans designed for maximum freedom movement and the ability to live more independently at no cost to qualifying disabled veterans; and,

WHEREAS, based on analysis by Staff, it has determined that the new exemption, because of its small number of estimated properties, will not threaten the reasonable and rational relationship between the use of the TUMF and the type of development projects on which the fees are imposed because the fees will be used to construct the transportation improvements that are necessary for the safety, health and welfare of the residential and non-residential users of the development in which the TUMF will be levied; and,

WHEREAS, it has been determined that the adoption of this Ordinance is not a project subject to review under the California Environmental Quality Act ("CEQA") because it can be seen with certainty that this action has no possibility for having a significant effect on the environment as this ordinance changes findings, fee exemptions, and fee credit procedures and standards; and,

WHEREAS, the Planning Commission held a duly noticed public hearing on the adoption of this Ordinance on May 12, 2014, and following the close of the public hearing, voted to recommend adoption of Ordinance No. 330 to the City Council.

NOW, THEREFORE, the Planning Commission of the City of Calimesa does hereby find, determine and resolve as follows:

Section 1. Each and all of the findings set forth above are adopted herein in full.

Section 2. The Planning Commission recommends that the City Council adopt Ordinance No. 330, amending Title 18 (Zoning, Land Use, and Development Regulations) of the Calimesa Municipal Code, Section .050 "Western Riverside County Transportation Uniform Mitigation Fee Program" §§ .030(G) Establishment of the Transportation Uniform Mitigation Fee – Exemptions to the Calimesa Municipal Code to add an exemption for Disabled Veterans Housing of the Calimesa Municipal Code.

APPROVED AND ADOPTED, this 12th day of May 2014.



\_\_\_\_\_  
Mike Barron, Chair

ATTEST:

I, Mathew Evans, the undersigned, hereby certify that I am the Planning Commission Secretary of the Planning Commission of the City of Calimesa, California; that Resolution 2014-07 was duly passed and adopted at a meeting of the Calimesa Planning Commission, held on the 12th day of May, 2014.



\_\_\_\_\_  
Mathew Evans, Secretary to the Planning Commission

**ORDINANCE NO. 330**

**AN ORDINANCE OF THE CITY OF CALIMESA AMENDING CHAPTER 18.105 OF THE CALIMESA MUNICIPAL CODE TO INCLUDE NEW EXEMPTIONS FOR NEWLY CONSTRUCTED SPECIALLY ADAPTED HOMES FOR SEVERELY DISABLED VETERANS UNDER THE WESTERN RIVERSIDE COUNTY TRANSPORTATION UNIFORM MITIGATION FEE ("TUMF") PROGRAM AND APPROVING A CALIFORNIA ENVIRONMENTAL QUALITY ACT EXEMPTION IN CONNECTION THEREWITH**

**THE CITY COUNCIL OF THE CITY OF CALIMESA ("CITY") DOES ORDAIN AS FOLLOWS:**

Section 1. Title. This Ordinance shall be known as Amendment No. 1 to the Western Riverside County Transportation Uniform Mitigation Fee Program Ordinance of 2009 ("Ordinance").

Section 2. Findings. The City Council makes the following findings in connection with the adoption of this ordinance.

A. The City is a member agency of the Western Riverside Council of Governments ("WRCOG"), a joint powers agency comprised of the County of Riverside, the March Joint Powers Authority, and 17 cities located in Western Riverside County. Acting in concert, the WRCOG Member Agencies developed a plan whereby the shortfall in funds needed to enlarge the capacity of the Regional System of Highways and Arterials in Western Riverside County (the "Regional System") could be made up in part by a Transportation Uniform Mitigation Fee ("TUMF") on future residential, commercial and industrial development.

B. WRCOG, upon the recommendation of the WRCOG Executive Committee, now desires to adopt one new exemption under the Western Riverside County Transportation Uniform Mitigation Fee Program Ordinance of 2009. The exemption is for newly constructed, specially adapted homes for severely disabled veterans designed for maximum freedom movement and the ability to live more independently at no cost to qualifying disabled veterans.

C. The City Council finds and determines that the new exemption because of its small number of estimated properties, will not threaten the reasonable and rational relationship between the use of the TUMF and the type of development projects on which the fees are imposed because the fees will be used to construct the transportation improvements that are necessary for the safety, health and welfare of the residential and non-residential users of the development in which the TUMF will be levied. The City Council has also estimated the cost of the new exemption and understands that the TUMF fees will not be used to cover the fair share of these exempted properties or the Regional System.

D. The City Council has determined that the adoption of this Ordinance is not a project subject to review under the California Environmental Quality Act ("CEQA") because it can be seen with certainty that this action has no possibility for having a significant effect on the environment. This Ordinance changes findings, fee exemptions, and fee credit procedures and standards. None of these changes will have a physical effect on the environment. Instead, these changes merely have a potential financial effect on land use applicants and the City, which effect is not subject to review under CEQA. The Ordinance is therefore exempt from CEQA pursuant to Section 15061(b)(3) of Title 14 of the California Code of Regulations (the "CEQA Guidelines").

Section 3. Section 18.105.020 (Definitions) of Chapter 18.105 (Western Riverside County Transportation Uniform Mitigation Fee Program) of Title 18 ("Zoning, Land Use and Development Regulations") of the Calimesa Municipal Code is hereby amended by the addition of the following definitions:

"Disabled Veteran" means any veteran who is retired or is in the process of medical retirement from military service who is or was severely injured in a theatre of combat operations, and has or received a letter of eligibility for the Veteran's Administration of Specially Adapted Housing ("SAH") Grant Program."

"Non-Profit Organization" means an organization operated exclusively for exempt purposes set forth in section 501(c)(3) of the Internal Revenue Code, and none of its earning may inure to any private shareholder or individual. In addition, it may not be an action organization, i.e., it may not attempt to influence legislation as a substantial part of its activities and it may not participate in any campaign activity for or against political candidates. For the purposes of the TUMF Program the non-profit must be a 501(c)(3) charitable organization as defined by the Internal Revenue Service."

Section 4. Exemption for Specially Adopted Homes for Severely Disabled Veterans. Subsection (G) of Section 18.105.030 (Establishment of the transportation uniform mitigation fee), of Chapter 18.105 (Western Riverside County Transportation Uniform Mitigation Fee Program) of Title 18 (Zoning, Land Use and Development Regulations) of the Calimesa Municipal Code is hereby amended to read as follows:

"G. Exemptions. The following new development shall be exempt from the TUMF:

1. Low-income residential housing.
2. Government/public buildings, public schools and public facilities.
3. The rehabilitation and/or reconstruction of any habitable structure in use on or after January 1, 2000; provided, that the same or fewer traffic trips are generated as a result thereof.

4. Development projects which are the subject of a public facilities development agreement entered into pursuant to Government Code Section 65864 et seq., prior to the effective date of the ordinance codified in this chapter, wherein the imposition of new fees is expressly prohibited; provided, that if the term of such a development agreement is extended by amendment or by any other manner after the effective date of the ordinance codified in this chapter, the TUMF shall be imposed.
5. Guest dwellings.
6. Additional single-family residential units located on the same parcel pursuant to the provisions of any agricultural zoning classifications set forth in this title.
7. Kennels and catteries established in connection with an existing single-family residential unit.
8. Detached second units.
9. The sanctuary building of a church or other house of worship eligible for a property tax exemption.
10. Any nonprofit corporation or nonprofit organization offering and conducting full-time day school at the elementary, middle school or high school level for students between the ages of five and 18 years.
11. New homes, constructed by non-profit organizations, specially adapted and designed for maximum freedom of movement and independent living for qualified Disabled Veterans.

Section 5. No Retroactive Effect. No provisions of this ordinance shall entitle any person who has already paid the TUMF to receive a refund, credit or reimbursement of such payment because of this new exemption.

Section 6. Savings Clause. Neither the adoption of this ordinance nor the repeal of any other ordinance of this City shall in any manner affect the prosecution of any violation of any City ordinance or provision of the Calimesa Municipal Code, committed prior to the effective date hereto, nor be construed as a waiver of any license or penalty or the penal provision applicable to any violation thereof.

Section 7. Severability. If any section, subsection, sentence, clause, phrase or portion of this ordinance for any reason is held to be invalid or unconstitutional by the diction of any court of competent jurisdiction, such decision shall not affect the validity or the remaining portions of this ordinance. The City Council of the City of Calimesa hereby declares that it would have adopted this ordinance and each section, subsection, sentence, clause, phrase or portion thereof irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases or portions were to be declared invalid or unconstitutional.

Section 8. Full Force and Effect. Except to the extent expressly modified or amended hereunder, all of the terms, covenants, and conditions of Chapter 18.105 of the Calimesa Municipal Code shall remain in full force and effect.

Section 9. Effective Date; Publication. This ordinance shall take effect thirty (30) days after its final passage, and within fifteen (15) days after its passage, the City Clerk shall cause this ordinance or a summary hereof to be published and or posted as required by law and by the City's ordinances and resolutions.

**INTRODUCED AND PASSED UPON FIRST READING** by title only, upon the following roll call vote, this [ ] day of [ ]:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

ABSTAIN: COUNCILMEMBERS:

**PASSED, APPROVED AND ADOPTED** this [ ] day of [ ] upon the following roll call vote:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

ABSTAIN: COUNCILMEMBERS:

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WILLIAM "BILL" DAVIS, MAYOR  
CITY OF CALIMESA

ATTEST:

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DARLENE GERDES, CITY CLERK

APPROVED AS TO FORM:

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KEVIN ENNIS, CITY ATTORNEY



## Agenda Item No. 11

# STAFF REPORT

## CITY OF CALIMESA CITY COUNCIL MEETING

**SUBJECT:** Receive and File the 2012-13 Annual Audited Financial Statements and Related Reports

**MEETING DATE:** May 19, 2014

**PRESENTED BY:** Bonnie Johnson, Assistant City Manager/Finance Director

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**RECOMMENDATION:** That City Council Receive and File the 2012-13 Annual Audit Report and Financial Statements, the Report on Internal Controls, the Appropriations Limit Report for 2013 and 2014, and the Auditor's Communication with Those Charged with Governance (SAS 114) Report.

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**DISCUSSION:** Currently, the firm of Badawi & Associates performs the annual financial audit of the City of Calimesa. This audit is required to be performed in accordance with Generally Accepted Accounting Standards and Government Auditing Standards. At the conclusion of the audit test work, the audit firm issues an opinion as to the fairness of presentation of the financial position of City activities. The City of Calimesa received an unmodified, or "clean", opinion on its basic financial statements. This indicates that in the auditor's opinion, the information reported in the financial statements is presented fairly in all material respects. In addition, the audit firm is also required to issue a report related to internal controls, a report related to the annual Appropriations (Gann) Limit calculation, as well as communicate with the Council on certain matters regarding how the audit was planned and conducted (SAS 114 report). All aforementioned reports are attached.

The Report on Internal Controls identifies matters that should be addressed by the City. Staff has reviewed the report and in each area identified, has already begun to implement changes that should both strengthen internal controls and mitigate similar findings in the future.

On May 7, 2014, Mr. Badawi, the audit partner, met with the City's Finance Committee and presented the attached reports. This action disseminates the information to the entire City Council, as well as makes the reports available to the public.

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**FISCAL IMPACT:** There is no fiscal impact associated with the recommended action.

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### ATTACHMENTS:

Attachment A: Annual Audit Report and Financial Statements for 2012-13  
Attachment B: Report on Internal Controls  
Attachment C: Annual Appropriations Limit Calculation 2013  
Attachment D: Annual Appropriations Limit Calculation 2014  
Attachment E: Auditor's Communication with Those Charged with Governance

# City of Calimesa

Calimesa, California

*Annual Audit Report and Financial  
Statements*

*For the year ended June 30, 2013*



**City of Calimesa**  
**Annual Audit Report and Financial Statements**  
**For the year ended June 30, 2013**

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**City of Calimesa**  
**Annual Audit Report and Financial Statements**  
**For the year ended June 30, 2013**

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of the City Council  
of the City of Calimesa  
Calimesa, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Calimesa, California (City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 48-51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Omitted Management's Discussion and Analysis*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements, and budgetary comparison schedules for other funds on pages 54-68 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

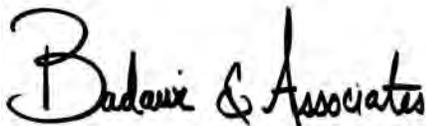
The Honorable Mayor and Members of the City Council  
of the City of Calimesa

Page 3

The combining and individual nonmajor fund financial statements and budgetary comparison schedules on pages 54-68 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi and Associates, CPAs  
Oakland, CA  
April 21, 2014

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**BASIC  
FINANCIAL STATEMENTS**

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# GOVERNMENT-WIDE FINANCIAL STATEMENTS

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**City of Calimesa**  
**Statement of Net Position**  
**June 30, 2013**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and investments (Note 3)	\$ 4,812,823
Receivables:	
Taxes	211,443
Accounts	50,526
Interest	1,736
Due from other governments	65,387
Note Receivable	168,750
Capital assets not being depreciated (Note 5)	1,918,401
Capital assets being depreciated, net (Note 5)	10,279,192
Total Assets	<u>17,508,258</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	812,218
Deposits	429,524
Unearned revenues	232,167
Noncurrent liabilities:	
Due within one year	12,611
Due in more than one year	80,270
Total Liabilities	<u>1,566,790</u>
<b>Net Position</b>	
Invested in capital assets (Note 5)	12,197,593
Restricted:	
Legally restricted - Street and Road Improvements	1,060,639
Regulatory/grant restrictions	339,924
Legally restricted - Dev. Impact fees	1,407,608
Unrestricted	935,704
Total Net Position	<u>\$ 15,941,468</u>

**City of Calimesa**  
**Statement of Activities**  
**For the year ended June 30, 2013**

Functions/Programs:	Expenses	Program Revenues			Total	Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Revenue and Changes in Net Position
<b>Primary Government:</b>						
<b>Governmental activities:</b>						
General government	\$ 1,087,896	\$ 195,675	\$ 129,432	\$ -	\$ 325,107	\$ (762,789)
Public safety	2,564,561	47,055	100,000	-	147,055	(2,417,506)
Public works	947,133	769,323	180,407	402,113	1,351,843	404,710
Community services and development	669,797	192,001	77,955	-	269,956	(399,841)
Parks and recreation	163,451	-	36,835	-	36,835	(126,616)
Library	3,580	-	27,213	-	27,213	23,633
<b>Total governmental activities</b>	<b>\$ 5,436,418</b>	<b>\$ 1,204,054</b>	<b>\$ 551,842</b>	<b>\$ 402,113</b>	<b>\$ 2,158,009</b>	<b>(3,278,409)</b>

**General Revenues:**

Taxes:	
Property	1,712,998
Sales tax	584,096
Motor vehicle in-lieu	583,541
Franchise fees	298,931
Transient occupancy taxes	32,845
Busines Licenses	20,385
<b>Total Taxes</b>	<b>3,232,796</b>
Unrestricted investment earnings	12,152
Other	56,564
<b>Total general revenues</b>	<b>3,301,512</b>
<b>Change in net position</b>	<b>23,103</b>
<b>Net position - beginning of year</b>	<b>15,918,365</b>
<b>Net position - end of year</b>	<b>\$ 15,941,468</b>

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# FUND FINANCIAL STATEMENTS

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*Governmental Fund Financial Statements*

*Fiduciary Fund Financial Statements*

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## GOVERNMENTAL FUND FINANCIAL STATEMENTS

*General Fund* accounts for resources traditionally associated with governmental which are not required legally or by sound financial management to be accounted for in another fund.

*Measure A Special Revenue Fund* accounts for revenue in the form of voter-approved Measure A sales tax to be used for street and road improvements.

*Mitigation Fees Special Revenue Fund* accounts for various sources of development related revenue including facilities fees, traffic fees, and park acquisition and improvement fees. These fees are used to expand facilities as development occurs, thus mitigating a portion of the impacts associated with development.

*Non-Major Governmental Funds* is the aggregate of all the non-major governmental funds.

**City of Calimesa**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2013**

	Major Funds	
	General	Measure A Special Revenue
<b>Assets</b>		
Cash and investments	\$ 1,936,234	\$ 1,044,751
Receivables:		
Taxes	186,207	22,525
Intergovernmental	4,936	-
Interest	232	210
Accounts	50,526	-
Due from other funds	15,443	-
Note Receivable	168,750	-
Total Assets	<u>\$ 2,362,328</u>	<u>\$ 1,067,486</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 758,052	\$ 6,847
Deferred revenues	210,757	-
Due to other funds	-	-
Deposits	429,524	-
Total Liabilities	<u>1,398,333</u>	<u>6,847</u>
Fund Balance:		
Restricted	-	1,060,639
Assigned	30,000	-
Unassigned	933,995	-
Total Fund Balance	<u>963,995</u>	<u>1,060,639</u>
Total Liabilities and Fund Balance	<u>\$ 2,362,328</u>	<u>\$ 1,067,486</u>

See accompanying Notes to Basic Financial Statements.

Major Fund Mitigation Fees Special Revenue	Total Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,428,309	\$ 403,529	\$ 4,812,823
-	2,711	211,443
5,000	55,451	65,387
1,132	162	1,736
-	-	50,526
-	-	15,443
-	-	168,750
<u>\$ 1,434,441</u>	<u>\$ 461,853</u>	<u>\$ 5,326,108</u>
\$ 26,833	\$ 20,486	\$ 812,218
-	64,955	275,712
-	15,443	15,443
-	-	429,524
<u>26,833</u>	<u>100,884</u>	<u>1,532,897</u>
1,407,608	339,924	2,808,171
-	21,045	51,045
-	-	933,995
<u>1,407,608</u>	<u>360,969</u>	<u>3,793,211</u>
<u>\$ 1,434,441</u>	<u>\$ 461,853</u>	<u>\$ 5,326,108</u>

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**City of Calimesa**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2013**

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<b>Total Fund Balance - Governmental Funds</b>	<b>\$ 3,793,211</b>
<p>Amounts reported for governmental activities in the statement of net positions (page 9) are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>	12,197,593
<p>Revenues in the statement of activities that do not provide current financial resources are classified as unearned revenues in the funds.</p>	43,545
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p>	<u>(92,881)</u>
<b>Net position of governmental activities</b>	<b><u>\$ 15,941,468</u></b>

**City of Calimesa**  
**Statements of Revenues, Expenditures, and Changes in Fund Balance**  
**For the Year Ended June 30, 2013**

	Major Funds	
	General	Measure A Special Revenue
<b>Revenues</b>		
Taxes	\$ 2,528,766	\$ -
Licenses and permits	192,001	-
Fines and forfeitures	47,055	-
Intergovernmental	712,973	402,113
Charges for services	195,675	-
Development fees	141,715	-
Investment earnings	8,946	421
Other	56,564	-
Total Revenues	3,883,695	402,534
<b>Expenditures</b>		
Current:		
General government	1,000,058	-
Public safety	2,328,029	-
Public works	222,029	56,871
Community services and development	305,818	-
Parks and recreation	118,200	-
Library	-	-
Total Expenditures	3,974,134	56,871
Excess (Deficit) of Revenues Over Expenditures	(90,439)	345,663
<b>Other Financing Sources (Uses)</b>		
Transfers in (Note 4)	17,715	448,140
Transfers out (Note 4)	(158,950)	-
Total Other Financing Sources (Uses)	(141,235)	448,140
Net Change in Fund Balance	(231,674)	793,803
<b>Fund Balance - Beginning of year</b>	1,195,669	266,836
<b>Fund Balance - End of year</b>	\$ 963,995	\$ 1,060,639

Major Fund Mitigation Fees Special Revenue	Total Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 76,944	\$ 2,605,710
-	-	192,001
-	-	47,055
-	422,410	1,537,496
-	35,000	230,675
592,608	-	734,323
2,159	626	12,152
-	-	56,564
594,767	534,980	5,415,976
7,585	44,251	1,051,894
373	226,868	2,555,270
28,699	271,527	579,126
182,807	162,713	651,338
23,280	21,507	162,987
481	3,099	3,580
243,225	729,965	5,004,195
351,542	(194,985)	411,781
27,845	131,105	624,805
(448,140)	(17,715)	(624,805)
(420,295)	113,390	-
(68,753)	(81,595)	411,781
1,476,361	\$ 442,564	\$ 3,381,430
\$ 1,407,608	\$ 360,969	\$ 3,793,211

**City of Calimesa**  
**Reconciliation of the Statements of Revenues, Expenditures,**  
**and Changes in Fund Balance of Governmental Funds to the Statements of Activities**  
**For the Year Ended June 30, 2013**

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Net change in fund balance - governmental funds (page 19) \$ 411,781

Amounts reported for governmental activities in the statements of activities (page 10) are different because:

Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the Governmental Funds. (413,807)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 43,545

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund. In addition, some expenditures recorded in the governmental funds have already been expensed in the government-wide in prior years (18,416)

**Change in net position of governmental activities** \$ 23,103

## FIDUCIARY FUND FINANCIAL STATEMENTS

### Agency Funds

*CFD #1 Agency Fund* accounts for assets held by the City for Community Facility District #1.

### Private Purpose Trust Funds

*Successor Agency Trust Fund* accounts for assets and liabilities transferred from the City to the Successor Agency Trust Fund.

**City of Calimesa**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2013**

	<b>CFD #1</b>	<b>Successor Agency Trust Fund</b>
<b>Assets</b>		
Cash and investments (Note 3)	\$ 226,792	\$ 26,300
Cash and investments with fiscal agent	-	2,309
Cash and investments with fiscal agent - restricted	-	223,720
Receivables:		
Interest	8	-
Deferred charges	-	146,067
Total Assets	<u>226,800</u>	<u>398,396</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	4,445	70,652
Interest Payable	-	14,254
Deposits	10,000	-
Due to bondholders	212,355	-
Noncurrent liabilities:		
Due within one year	-	60,000
Due in more than one year	-	2,758,357
Total Liabilities	<u>\$ 226,800</u>	<u>2,903,263</u>
<b>Net Position</b>		
Restricted:		181,677
Unrestricted		<u>(2,765,718)</u>
Net Position		<u>\$ (2,584,041)</u>

**City of Calimesa**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Fund**  
**For the year ended June 30, 2013**

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	<b>Successor Agency Trust Fund</b>
<b>Additions</b>	
Intergovernmental revenue	\$ 484,188
Interest income	5
Total additions	<u>484,193</u>
<b>Deductions</b>	
Administration	418,815
Interest	108,935
Total deductions	<u>527,750</u>
Change in Net Position	(43,557)
<b>Net Position - beginning, as restated</b>	<u>(2,540,484)</u>
<b>Net Position - ending</b>	<u><u>\$ (2,584,041)</u></u>

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# NOTES TO BASIC FINANCIAL STATEMENTS

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**City of Calimesa**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2013**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the reporting entity**

The City of Calimesa (the City) was incorporated on December 1, 1990, under the laws of the State of California and enjoys all the rights and privileges applicable to the general law city. It is governed by an elected five-member Council and Council-appointed Mayor. As required by accounting principles generally accepted in the United States of America, these financial statements present the City (the primary government) and its component unit.

**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

The fund financial statements provide information about the City's funds. Separate financial statements are provided for governmental funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

The *General Fund* is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The *Measure A Special Revenue Fund* is used to account for revenue in the form of voter-approved Measure A sales tax to be used for street and road improvements.

The *Mitigation Fees Fund* is used to account for various sources of development related revenue including facilities fees, traffic fees, and park acquisition and improvement fees. These fees are used to expand facilities as development occurs, thus mitigating a portion of the impacts associated with development.

**City of Calimesa**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2013**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**B. Government-wide and fund financial statements, Continued**

Additionally, the City reports the following fund types:

The Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

**C. Measurement focus, basis of accounting, and financial presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the *accrual basis* of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues, except for grant revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as program revenues include 1) charges to members, customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated sources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. In addition, fiduciary funds are not included in the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then use unrestricted resources as needed.

**City of Calimesa**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2013**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*D. Assets, liabilities and net position or equity*

**Cash, Cash Equivalents and Investments**

The City pools its available cash for investment purposes. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments.

In accordance with GASB Statement No. 40, Deposit and Investment Disclosures (Amendment of GASB No. 3), certain disclosure requirements for Deposits and Investment Risks were made in the following areas:

- Interest Rate Risk
- Credit Risk
  - Overall
  - Custodial Credit Risk
  - Concentrations of Credit Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in an investment pool managed by the State of California, the Local Agency Investment Fund (LAIF) which has invested a portion of the pooled funds in Structured Notes and Asset-backed Securities. The LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-backed Securities are subject to market risk as to change in interest rates.

**Receivables**

During the course of normal operations, the City carries various receivable balances for taxes, interest, services and special assessments. Accounts receivables are shown net of an allowance for doubtful accounts.

**City of Calimesa**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2013**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*D. Assets, liabilities and net position or equity*

**Interfund Transactions**

Interfund transactions are reflected as loans, services provided reimbursements or transfers. Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances."

**Use of estimates**

The financial statements have been prepared in accordance with generally accepted accounting principles accepted in the United States of America and necessarily include amounts based on estimates and assumptions by management. Actual results could differ from those amounts.

**Unearned revenues**

In the government-wide financial statements and the fund financial statements, unearned revenues represent cash advances from various entities that have not been spent; therefore, no revenue has been recognized.

**Claims and judgments**

Only the short-term liability (if any) is reflected as a current liability in all applicable governmental fund types, the remainder of the liability is reported as long-term debt in the statement of net position. The City determined that no liability needs to be accrued for claims and judgments.

**Capital assets**

Capital assets, which include land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (\$50,000 for infrastructure assets) and an estimated useful life in excess of three years. Such assets are reported at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend lives are not capitalized.

**City of Calimesa**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2013**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*D. Assets, liabilities and net position or equity*

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	50
Building improvements	25-30
Infrastructure	30-50
Vehicles	3-15
Office equipment	3-7
Computer equipment	3-10

**Employee leave benefits**

Compensated absences are the amounts due to employees for future absences which are attributed to services already rendered. Vacation pay is payable to employees at the time a vacation is taken or upon separation of employment. Sick leave is payable when an employee is unable to work because of illness. The vested portion of compensated absences is included as a long-term liability in the statement of net position.

The following are summaries of the City’s compensated leave policies:

*Compensatory time*

All compensatory time is payable to the employee upon termination at the rate of pay at separation.

*Sick leave*

Employees accrue sick leave in accordance with schedules set forth in a memorandum of understanding. All employees with at least six months service are allowed to accrue up to nine hundred and sixty hours of sick leave. Employees are not paid upon separation for accrued sick leave, therefore no liability is accrued in these financial statements for sick leave.

*Vacation leave*

Employees accrue vacation leave in accordance with schedules set forth in a memorandum of understanding. Employees will be paid upon separation all accrued vacation leave up to a maximum of two hundred and forty hours.

**City of Calimesa**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2013**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*D. Assets, liabilities and net position or equity*

**Property taxes**

The County of Riverside, California, bills and collects the property taxes and remits them to the City in installments during the year. The County is permitted by State Law (Proposition 13) to levy taxes at 1 percent per \$100 of full market value (at time of purchase) and can increase the assessed values no more than 2 percent per year. The City receives a share of this basic levy proportionate to what was received in the 1976 to 1978 period.

Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien Date	January 1
Levy Date	July 1
Due Date	November 1, First Installment February 1, Second Installment
Collection	December 10, First Installment April 10, Second Installment

**Net Position**

*Government-Wide Financial Statements*

In the Government-Wide Financial Statements, net position is classified in the following categories:

Net Investment in Capital Assets - This category consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted - This category includes amounts restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted - This category includes amounts that do not meet the definition of "net investment in capital assets" or "restricted net position" as defined above.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first.

**City of Calimesa**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2013**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*D. Assets, liabilities and net position or equity*

**Fund Balances**

Nonspendable Fund Balance- That portion of fund balance that includes amounts that are either 1) not in a spendable form; or 2) legally or contractually required to be maintained intact. Amounts considered “not in a spendable form” include items that are not expected to be converted to cash such as prepaid items and long-term notes receivable.

Restricted Fund Balance - That portion of fund balance that reflects constraints placed on the use of resources (other than nonspendable items) that are either 1) externally imposed by creditors, such as through debt covenants, grantors, contributors or the laws and regulations of other governments; or 2) imposed by law through constitutional provisions or enabling legislation. These restrictions may be effectively changed only with the consent of the resource provider.

Committed Fund Balance - That portion of fund balance that includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council, the City’s government’s highest level decision making authority. In order for funds to be considered committed, a resolution must be passed by the City Council. The established constraints remain binding until City Council takes action to amend the applicable resolution.

Assigned Fund Balance - Represents that portion of fund balance that includes amounts that are constrained by the City’s intended use of the resources but are neither restricted nor committed. Such intent needs to be established at the highest level of decision making, or by an official designated for that purpose. The City Council has the authority to assign amounts to be used for specific purposes.

Unassigned Fund Balance - Represents that portion of fund balance that includes amounts that are not contained in any of the other fund balance categories. The General Fund is the only governmental fund that may report a positive amount as unassigned fund balance. For all other governmental funds, only negative balances may be reported as unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted funds are available, it is the City’s policy to apply the restricted funds first. The City also considers committed funds to be spent first, assigned funds to be spent second and unassigned funds to be spent last when an expenditure is incurred for purposes for which committed, assigned and unassigned fund balance is available.

**City of Calimesa**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2013**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***D. Assets, liabilities and net position or equity***

**Long-term obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

***E. New Pronouncement***

In 2013, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements* - The objective of this statement is to improve financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. There was no effect on net position by the City implementing this new accounting standard.
- GASB Statement No. 61, *The Financial Reporting Entity: Omnibus* - The requirements of this statement result in financial statements being more relevant by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. There was no effect on net position by the City implementing this new accounting standard.
- GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* - The requirements of this statement improve financial reporting by contributing to the Governmental Accounting Standards Board's (GASB) efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. There was no effect on net position by the City implementing this new accounting standard.
- GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* - The objective of this statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosure.

**City of Calimesa**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2013**

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**2. BUDGETARY ACCOUNTING**

**Excess of expenditures over appropriations**

The following funds reported an excess of expenditures over appropriations at June 30, 2013:

	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
<i>Special Revenue Funds</i>			
Community Development Block Grant	\$ 5,000	\$ 67,880	\$ (62,880)
Gas Tax	237,222	247,898	(10,676)
Lighting/Landscape District	\$ 115,369	\$ 124,127	\$ (8,758)

**3. CASH AND INVESTMENTS**

Cash and investments as of June 30, 2013, are classified in the accompanying financial statements as follows.

Statement of net positions:

Cash and investments	\$ 4,812,823
Cash and investments with fiscal agent	-
Cash and investments with fiscal agent-restricted	-

Fiduciary funds:

Cash and investments	253,092
Cash and investments with fiscal agent	2,309
Cash and investments with fiscal agent-restricted	223,720

Total cash and investments	<u>\$ 5,291,944</u>
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Pooled deposits:

Demand deposits	\$ 1,466,553
Petty cash	900
Investments	3,824,491

Total cash and investments	<u>\$ 5,291,944</u>
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**City of Calimesa**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2013**

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**3. CASH AND INVESTMENTS, Continued**

**A. Deposits**

The carrying amount of the City's cash deposit was \$1,466,553 at June 30, 2013. Bank balances before reconciling items were \$1,720,415 the total amount of which was insured and/or collateralized with securities held by the pledging financial institutions in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City has not waived collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

**B. Investments**

*Authorized investments*

Under provisions of the City's investment policy, and in accordance with Section 53601 of the California Government Code, the City may invest in the following types of investments:

- Securities of the U.S. Government, or its agencies,
- Certificates of deposit (or time deposits) placed with commercial banks and/or savings and loan companies,
- State of California - Local Agency Investment Fund (LAIF)
- Checking accounts or passbook savings account demand deposits, and money market mutual funds.

The City's investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and in general, avoid speculative investments. The City's investment policy does not contain any specific provisions intended to limit its exposure to a concentration of credit risk.

**City of Calimesa**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2013**

**3. CASH AND INVESTMENTS, Continued**

**B. Investments, Continued**

*Investments authorized by debt agreements*

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy.

The table on below identifies the *investment types* that are authorized for investments held by bond trustee. The Table also identifies certain provisions of these debt agreements that address *interest risk* and *concentration of credit risk*.

Authorization investment type	Maximum maturity	Maximum percentage allowed	Maximum investment in one issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Repurchase/Investment Agreement	None	None	None
Investment Contracts	None	None	None
Local Agency Investment Fund	N/A	None	None
FHA Obligations Guaranteed by U.S. Government	None	None	None
Federal Funds	180 days	None	None
Negotiable Certificate of Deposit	180 days	None	None
Time Deposits	180 days	None	None
FDIC Insured Deposits	None	None	None
Debt Obligations	None	None	None

*Interest rate risk*

The City's investment policy mitigates interest rate risk by:

- (1) Structuring the City's portfolio so that securities mature to meet the City's cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to their maturation to meet those specific needs;
- (2) Investing primarily in short-term securities; and
- (3) Occasionally restructuring the portfolio to minimize the loss of market value and/or to maximize cash flows.

**City of Calimesa**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2013**

**3. CASH AND INVESTMENTS, Continued**

**B. Investments, Continued**

Investment type	Totals	Remaining maturity 12 month or less
Local Agency Investment Fund	\$ 3,598,462	\$ 3,598,462
Held by bond trustee:		
Dreyfus cash management	226,029	226,029
Total investments	<u>\$ 3,824,491</u>	<u>\$ 3,824,491</u>

***Custodial credit risk***

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provisions for deposits:

***Credit risk/pooled cash***

The City currently follows GASB No. 40 which established the way the city discloses credit, custodial, interest rate and foreign currency risks. Currently, custodial and interest rate risk are minimal. The City does not own any foreign currency. The City's most significant investment, LAIF, does not have a rating provided by a nationally recognized statistical rating agency.

***Disclosures relating to credit risk***

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City currently invests excess monies in the LAIF and checking and savings accounts at local banks. Currently the City mitigates credit risk by:

- (1) Limiting investments to the safest types of securities;
- (2) Pre-qualifying with an established financial institution with which it will do business; and
- (3) Diversifying the investment portfolio so that a failure of any one issuer or backer will not place an undue financial burden on the City.

**City of Calimesa**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2013**

**3. CASH AND INVESTMENTS, Continued**

**B. Investments, Continued**

Investment type	Amount	Minimum legal rating	Ratings at fiscal year end	
			Aaa/AAA	Not Rated
Local Agency Investment Fund	\$ 3,598,462	N/A	\$ -	\$ 3,598,462
Held by bond trustee:				
Dreyfus cash management	226,029	N/A	226,029	-
Total investments	<u>\$ 3,824,491</u>		<u>\$ 226,029</u>	<u>\$ 3,598,462</u>

**Concentration of credit risk**

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The City's most significant investment, LAIF, does not have a rating provided by a nationally recognized statically rating agency. Both LAIF and the Dreyfus cash management are more than 5% of the City's total investment portfolio.

**Investment in State investment pool**

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The balance is available for withdrawal on demand. The City's investment with LAIF at June 30, 2013 includes a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as collateralized mortgage obligations) or credit card receivables.

As of June 30, 2013, the City had \$3,598,462 invested in LAIF, which had 1.96% of the pool investment funds in Structured Notes and Asset-Backed Securities. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The fair value of LAIF was calculated by applying a factor of 1.000273207 to the total investments held by LAIF.

**City of Calimesa**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2013**

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**4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances as of June 30, 2013, is as follows:

*Due to/from other funds:*

<u>Receivable fund</u>	<u>Amount</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	<u>\$15,443</u>	Nonmajor funds	<u>\$15,443</u> (a)
Total	<u>\$15,443</u>	Total	<u>\$15,443</u>

(a) These amounts are to cover deficit cash balances in the owing funds and are expected to be repaid in full by June 30, 2014.

**City of Calimesa**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2013**

**4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS, Continued**

*Transfer in/out*

Fund receiving transfer	Amount	Fund making transfer	Amount	
Non-Major	\$ 101,902	General Fund	\$ 101,902	a
Non-Major	9,203	General Fund	9,203	b
Non-Major	15,000	General Fund	15,000	c
Non-Major	5,000	General Fund	5,000	d
Mitigation Fees	9,318	General Fund	9,318	e
Mitigation Fees	18,527	General Fund	18,527	f
Measure A	448,140	Mitigation Fees	448,140	g
General Fund	16,756	Non-Major	16,756	h
General Fund	959	Non-Major	959	i
Total	\$ 624,805	Total	\$ 624,805	

- a This represents a transfer from the General Fund to cover a deficiency at year end in the Prop 84 Grant Fund.
- b This represents a transfer from the General Fund to cover a deficiency at year end in the SCE General Plan Grant Fund.
- c This represents a transfer from the General Fund to cover a deficiency at year end in the LLMD Fund.
- d This represents a transfer from the General fund to the Capital Projects Fund related to ADA CIP.
- e This represents a transfer from the General Fund to cover a prior year deficiency in the Mitigation Fees Fund which was never adjusted.
- f This represents a transfer from the General Fund to cover a prior year deficiency in the Mitigation Fees Fund which was never adjusted.
- g This represents a transfer from the Mitigation Fees Fund to the Measure A Fund to correct the error of CIP Funds RDA Bond Proceeds being erroneously put in Mitigation Fees Funds in fiscal year 2010/2011.
- h This represents a transfer back from the Prop 84 Grant Fund to the General Fund after the transfer mentioned in "a" to account for net activity.
- i This represents a transfer back from the SCE General Plan Grant Fund to the General Fund after the transfer mentioned in "b" to account for net activity.

**City of Calimesa**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2013**

**5. CAPITAL ASSETS**

A summary of changes in capital assets at June 30, 2013 is as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets not being depreciated:				
Land	\$ 1,918,401	\$ -	\$ -	\$ 1,918,401
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>1,918,401</u>	<u>-</u>	<u>-</u>	<u>1,918,401</u>
Capital assets being depreciated:				
Building and improvements	1,242,504	-	-	1,242,504
Machinery and equipment	483,642	-	-	483,642
Road network	10,581,232	-	-	10,581,232
Total capital assets being depreciated	<u>12,307,378</u>	<u>-</u>	<u>-</u>	<u>12,307,378</u>
Less accumulated depreciation for:				
Buildings and improvements	(587,664)	(31,062)	-	(618,726)
Machinery and equipment	(399,454)	(30,037)	-	(429,491)
Road network	(627,261)	(352,708)	-	(979,969)
Total accumulated depreciation	<u>(1,614,379)</u>	<u>(413,807)</u>	<u>-</u>	<u>(2,028,186)</u>
Total capital assets, being depreciated, net	<u>10,692,999</u>	<u>(413,807)</u>	<u>-</u>	<u>10,279,192</u>
Governmental activities capital assets, net	<u>\$ 12,611,400</u>	<u>\$ (413,807)</u>	<u>\$ -</u>	<u>\$ 12,197,593</u>

Depreciation expense was charged to functions/ programs of the City as follows:

General government	\$ 17,586
Public safety	9,291
Public works	368,007
Community services and development	18,459
Parks and recreation	<u>464</u>
Total depreciation expense - governmental activities	<u>\$ 413,807</u>

**City of Calimesa**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2013**

**6. LONG-TERM LIABILITIES**

The following is a summary of the changes in the long-term liabilities for the fiscal year ended June 30, 2013:

Description	Beginning balance	Additions	Deletions	Ending balance	Due within one year
Compensated absences	\$ 74,465	49,396	30,980	\$ 92,881	\$ 12,611

*Compensated absences*

For the governmental funds, accumulated vacation, and compensatory time payable, excluding the current portion of \$12,611 at June 30, 2013, was \$80,270. These amounts are payable from futures resources and therefore have been recorded as long-term liabilities. These liabilities are generally liquidated by the General Fund.

**7. CITY EMPLOYEES' RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)**

The City contributes to the California Public Employees Retirement System (PERS), a cost sharing, multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Copies of PERS' annual financial report may be obtained from their executive office: 400 Q Street, Sacramento, CA 95811.

*Funding Policy:* Participants are required to contribute 7% of their annual covered salary. The City is required to contribute at an actuarially determined rate calculated as a percentage of covered payroll. The City pays the full 7% of the employee's portion of the required PERS contribution. The Employer contribution rate for the fiscal year ended June 30, 2013 was 10.95% for miscellaneous employees. Benefit provisions and all other requirements are established by State statute and City council actions.

*Annual Pension Cost:* For the fiscal year ending June 30, 2013, the City's annual pension cost of \$71,286 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 3.55% to 14.45% for miscellaneous employees depending on age, service, and type of employment, and (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis. The average remaining amortization period at June 30, 2010, was 7 years for miscellaneous employees for prior and current service unfunded liability.

**City of Calimesa**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2013**

**7. CITY EMPLOYEES' RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN), Continued**

Assembly Bill 1974, which added Sections 20840-20842 to the California Government Code allowed PERS to create risk pools and mandate public agency participation in those pools. Commencing with the valuation of June 30, 2003, mandatory pooling was established for plans with less than 100 active members. As a result, the City was required to participate in a risk pool of other agencies with less than 100 employees. The valuation report as of June 30, 2010, contained two sections: 1) the specific information of the plan including the development of the pooled contribution rate and 2) the report of the Risk Pool Actuarial Valuation as of June 30, 2010.

At the time of joining a risk pool (valuation of June 30, 2003), a side fund was created to account for the difference between the funded status of the pool and funded status of the City's plan. As of the June 30, 2012 valuation, the balance of the side fund was \$(81,694).

The side fund will be created, on an annual basis, with the actuarial investment return assumption. This assumption is currently 7.75%. The negative side fund will cause the City's required employer contribution rate to be increased by the Amortization of the Side Fund. In the absence contract amendments or funding changes, the side fund will disappear at the end of the amortization period. The amortization period remaining as of June 30, 2012 was 3 years.

<u>Three year trend information</u>		
<u>Fiscal year</u>	<u>Annual pension cost (APC)</u>	<u>Percentage of APC contributed</u>
June 30, 2011	\$ 60,574	100%
June 30, 2012	\$ 84,021	100%
June 30, 2013	\$ 71,288	100%

**8. RISK MANAGEMENT**

In July 1996, the City became a member of the Public Agency Risk Sharing Authority of California (PARSAC), a consortium of California cities, established in May 1986 to pool resources, share risks, purchase excess insurance and to share costs for professional risk management and claims administration. The Authority's governing board consists of one appointed official and an alternate from each participating city.

*General and auto liability, public officials' errors and omission* - The City maintains a self-insurance program for its general and auto liability, and public officials' errors and omission. For liability claims, the City is at risk for up to \$10,000 per occurrence; amounts in excess of \$10,000 up to \$1,000,000 are covered through the Public Agency Risk Sharing Authority of California (PARSAC). Amounts in excess of \$1,000,000 up to \$35,000,000 are covered through additional insurance purchased from third parties by PARSAC.

**City of Calimesa**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2013**

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**8. RISK MANAGEMENT, Continued**

*Employment practices liability* – The City maintains a self-insurance program for its employment practices liability. For liability claims, the City is at risk for up to \$10,000 per occurrence; amounts in excess of \$10,000 up to \$1,000,000 are covered through the Employment Risk Management Authority (ERMA).

*Workers' compensation* – The City maintains workers' compensation insurance through PARSAC. Coverage through PARSAC is up to \$500,000 per claim. Claims in excess of \$500,000, up to \$5,000,000 are covered by policies purchased by PARSAC through third parties.

*Property insurance* – The City maintains a self-insurance program for its property up to \$5,000. Amounts in excess of \$5,000 up to \$1,000,000 are covered through additional insurance purchased from third parties by PARSAC.

*Employee dishonesty, theft, fraud* – The City maintains employee dishonesty, theft, and fraud insurance through PARSAC up to \$2,500. Amounts in excess of \$2,500 up to \$1,000,000 are covered by policies purchased from third parties by PARSAC.

**9. CONTINGENCIES**

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

The City is involved in several pending lawsuits of a nature common to many similar jurisdictions. City management estimates that potential claims against the City, not covered by insurance, will not have a material adverse effect on the financial statements of the City.

**10. DISSOLUTION OF REDEVELOPMENT AGENCIES IN CALIFORNIA AND RESULTANT SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY**

On December 29, 2011 the California Supreme Court upheld Assembly Bill 1X 26 (AB 1X 26) that provides for the dissolution of all redevelopment agencies in the State of California. Likewise, this action affected the reporting entity of the City of Calimesa in that the former Redevelopment Agency's financial activities and related disclosures were reported within the City's government-wide financial statements (blended component unit) as capital project and debt service funds. Timelines established within AB 1x 26 included the dissolution and cessation of redevelopment agencies as of February 1, 2012.

**City of Calimesa**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2013**

**10. DISSOLUTION OF REDEVELOPMENT AGENCIES IN CALIFORNIA AND RESULTANT SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY, Continued**

AB 1X 26 prescribes that either the city or another local government entity must serve as the successor agency to the former redevelopment agency. The role of the successor agency is to hold net assets of the former redevelopment agency until they can be transferred to the state or respective county. On February 6, 2012 the City Council adopted Resolution No. 2012-01 which provided for the low-to-moderate income housing functions (LMI) and related net assets of the former Redevelopment Agency to be assumed by the City Council.

Resolution No. 2012-01 of the Calimesa Successor Agency (CSA) was approved which provided for the City to act as the successor agency to the former Redevelopment Agency. For clarity and ease of financial statement presentation purposes, both the LMI and non-housing financial activities and net position subsequent to January 31, 2012 are reported as fiduciary funds in these basic financial statements.

In future fiscal years, successor agencies will only be allocated revenue by the State and respective county in amounts necessary to pay installment and/or bonded indebtedness annual payments required by listed enforceable obligations of the former redevelopment agencies which are supported by legally enforceable documents, such as bond indentures and related covenants. These payments will occur until such time that the obligations are paid in full.

The following is a summary of the changes in bonds payable in the Successor Agency Trust Fund for the fiscal year ended June 30, 2013:

Description	Beginning balance	Additions	Deletions	Ending balance	Due within one year
Bonds					
2008 Series bonds	\$ 2,905,000	\$ -	\$ (60,000)	\$ 2,845,000	\$ 60,000
Less deferred amounts:					
For issuance discount	35,800	-	(9,157)	26,643	-
Total bonds	<u>\$ 2,869,200</u>	<u>\$ -</u>	<u>\$ (50,843)</u>	<u>\$ 2,818,357</u>	<u>\$ 60,000</u>

***2008 Tax Allocation Revenue Bonds***

In June 2008, the Calimesa Redevelopment Agency (City) issued Calimesa Redevelopment Project No. 1 and Project No. 5 Tax Allocation Revenue Bonds, Series 2008, in the aggregate principal of \$4,260,000.

**City of Calimesa**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2013**

**10. DISSOLUTION OF REDEVELOPMENT AGENCIES IN CALIFORNIA AND RESULTANT SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY, Continued**

*2008 Tax Allocation Revenue Bonds, Continued*

The bonds are dated March 2008 and are in denominations of \$5,000 and bear interest at rates ranging from 3.10% to 5.75%. Principal is payable annually on December 1 beginning on December 2010. Interest is payable semi-annually on June 1 and December 1 commencing on December 1, 2008. The bonds mature between the time frames of December 1, 2010 and December, 2038 in amounts ranging from \$50,000 to \$280,000.

The bonds were issued to assist the Agency in the financing of redevelopment activities, to fund the Reserve Subaccounts and to pay certain costs relating to the issuance of the bonds. Per the bond indenture, a reserve is required to be maintained and at June 30, 2013, the amount held in the reserve account was \$226,029 which was fully funded.

*Pledged revenues*

The former RDA pledged 100% of future tax increment revenue (less amounts payable by or required to be set aside by the Agency under any pass-through agreements and by the amount required to be set-aside for low and moderate housing as required by the California Health and Safety Code) as security for the bonds. While the pledge was originally considered outstanding for the duration of the debt service requirements, the dissolution of redevelopment agencies pursuant to AB 1X26 has led to the practice of the State of California granting annual payments to successor agencies to make the required bond debt services requirements as well as payments for other obligations listed on each agency's schedule of enforceable obligations.

**11. PRIOR PERIOD ADJUSTMENT**

The City recorded prior period adjustments to consolidate the activities related to previously reported special revenue funds (Senior Center Computer Fund, Special Deposits Fund, and the Insurance Fund) with the General Fund as they do not meet the GASB 54 definition of Special Revenue Funds.

Governmental Fund Statements

	Fund Balance, as Previously Reported	Prior Period Adjustment			Fund Balance, as Restated
		Cash	Interest Receivable	Deposits Payable	
Fund Statements:					
General Fund	\$ 1,170,708	\$ 346,052	\$ 232	\$ (321,323)	\$ 1,195,669
Senior Center Computer Fund	\$ 106	\$ (106)	\$ -	\$ -	\$ -
Special Deposits Fund	\$ (5,145)	\$ (315,946)	\$ (232)	\$ 321,323	\$ -
Insurance Fund	\$ 30,000	\$ (30,000)	\$ -	\$ -	\$ -

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**REQUIRED  
SUPPLEMENTARY INFORMATION**

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**City of Calimesa**  
**Required Supplementary Information**  
**For the year ended June 30, 2013**

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**1. BUDGETARY INFORMATION**

The City Council has the responsibility for adoption of the City's budgets. Budgets are adopted for governmental funds. From the effective date of the budget, the amounts stated as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget by resolution during each fiscal year. The City Manager is authorized to transfer funds from one major expenditure category to another within the same department and fund. Any revisions that alter the total expenditures of any fund must be approved by the City Council.

All appropriations lapse at the end of the fiscal year to the extent that they have not been expended.

Budgetary comparisons are provided in the accompanying financial statements for all funds with legally adopted budgets. Budget amounts are adopted on a basis consistent with accounting principles accepted in the United States of America.

# City of Calimesa

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual General Fund

For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ 2,442,250	\$ 2,471,546	\$ 2,528,766	\$ 57,220
Licenses & permits	36,860	40,460	192,001	151,541
Fines & Forfeitures	65,900	37,400	47,055	9,655
Intergovernmental	638,000	677,369	712,973	35,604
Charges for Services	375,140	385,190	195,675	(189,515)
Development Fees	28,500	103,670	141,715	38,045
Interest Income	9,900	5,240	8,946	3,706
Other	250,200	169,621	56,564	(113,057)
<b>Total revenues</b>	<b>3,846,750</b>	<b>3,890,496</b>	<b>3,883,695</b>	<b>(6,801)</b>
<b>EXPENDITURES:</b>				
Current:				
General Government	925,470	1,141,971	1,000,058	141,913
Public Safety	2,328,333	2,301,333	2,328,029	(26,696)
Public Works	124,143	143,385	222,029	(78,644)
Community development	378,616	288,119	305,818	(17,699)
Parks and recreation	121,304	119,004	118,200	804
<b>Total expenditures</b>	<b>3,877,866</b>	<b>3,993,812</b>	<b>3,974,134</b>	<b>19,678</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(31,116)</b>	<b>(103,316)</b>	<b>(90,439)</b>	<b>\$ 12,877</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	17,715	17,715	-
Transfers out	-	(158,950)	(158,950)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(141,235)</b>	<b>(141,235)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ (31,116)</b>	<b>\$ (244,551)</b>	<b>(231,674)</b>	<b>\$ 12,877</b>
<b>FUND BALANCE:</b>				
Beginning of year			1,195,669	
End of year			\$ 963,995	

# City of Calimesa

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Measure A Special Revenue Fund

For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 785,620	\$ 235,046	\$ 402,113	\$ 167,067
Interest Income	1,000	1,000	421	(579)
<b>Total revenues</b>	<b>786,620</b>	<b>236,046</b>	<b>402,534</b>	<b>166,488</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	830,155	180,155	56,871	123,284
<b>Total expenditures</b>	<b>830,155</b>	<b>180,155</b>	<b>56,871</b>	<b>123,284</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ (43,535)</b>	<b>\$ 55,891</b>	<b>345,663</b>	<b>\$ 289,772</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	448,140	448,140	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>448,140</b>	<b>448,140</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ (43,535)</b>	<b>\$ 504,031</b>	<b>793,803</b>	<b>\$ 289,772</b>
<b>FUND BALANCE:</b>				
Beginning of year			266,836	
End of year			\$ 1,060,639	

# City of Calimesa

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Mitigation Fees Special Revenue Fund

For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Development fees	\$ -	\$ 221,105	\$ 592,608	\$ 371,503
Interest Income	4,055	4,055	2,159	(1,896)
<b>Total revenues</b>	<b>4,055</b>	<b>225,160</b>	<b>594,767</b>	<b>369,607</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	7,585	7,585	-
Community development	-	182,172	182,807	(635)
Public safety	-	373	373	-
Public works	42,500	43,338	28,699	14,639
Parks and recreation	-	34,638	23,280	11,358
Library	-	481	481	-
<b>Total expenditures</b>	<b>42,500</b>	<b>268,587</b>	<b>243,225</b>	<b>25,362</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(38,445)</b>	<b>(43,427)</b>	<b>351,542</b>	<b>394,969</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	27,845	27,845
Transfers out	-	-	(448,140)	(448,140)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(420,295)</b>	<b>(420,295)</b>
<b>Net change in fund balance</b>	<b>\$ (38,445)</b>	<b>\$ (43,427)</b>	<b>(68,753)</b>	<b>\$ (25,326)</b>
<b>FUND BALANCE:</b>				
Beginning of year			1,476,361	
End of year			\$ 1,407,608	

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# SUPPLEMENTARY INFORMATION

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**City of Calimesa**  
**Combining Balance Sheets**  
**Nonmajor Governmental Funds**  
**June 30, 2013**

	Special Revenues Funds			
	Supplemental Law Enforcement Grant	Community Development Block Grant	Parks and Recreation Grant	Library
<b>Assets</b>				
Cash and investments	\$ 8,831	\$ 57,623	\$ 60,484	\$ 193,289
Other receivable	-	-	-	-
Receivables:				
Taxes	-	-	-	-
Intergovernmental	25,000	712	-	27,213
Interest	3	45	-	-
Accounts	-	-	-	-
Due from other funds	-	-	-	-
<b>Total Assets</b>	<b>\$ 33,834</b>	<b>\$ 58,380</b>	<b>\$ 60,484</b>	<b>\$ 220,502</b>
<b>Liabilities and Fund Balance</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 8,357	\$ -	\$ 6,599	\$ 655
Deferred revenues	-	54,752	-	8,665
Due to other funds	15,443	-	-	-
Deposits	-	-	-	-
<b>Total Liabilities</b>	<b>23,800</b>	<b>54,752</b>	<b>6,599</b>	<b>9,320</b>
Fund Balance:				
Restricted	10,034	3,628	53,885	211,182
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balance</b>	<b>10,034</b>	<b>3,628</b>	<b>53,885</b>	<b>211,182</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 33,834</b>	<b>\$ 58,380</b>	<b>\$ 60,484</b>	<b>\$ 220,502</b>

Special Revenues Funds				Capital Projects		
Traffic Safety	Transportation Air Quality Improvements	Gas Tax	Lighting/ Landscape District	General Capital Projects Fund	Total Nonmajor Governmental Funds	
\$ 3,054	\$ 23,786	\$ 32,871	\$ 2,557	\$ 21,034	\$ 403,529	
-	-	-	-	-	-	
-	-	-	2,711	-	2,711	
-	2,526	-	-	-	55,451	
2	11	90	-	11	162	
-	-	-	-	-	-	
-	-	-	-	-	-	
<u>\$ 3,056</u>	<u>\$ 26,323</u>	<u>\$ 32,961</u>	<u>\$ 5,268</u>	<u>\$ 21,045</u>	<u>\$ 461,853</u>	
\$ -	\$ -	\$ 3,973	\$ 902	\$ -	\$ 20,486	
-	-	-	1,538	-	64,955	
-	-	-	-	-	15,443	
-	-	-	-	-	-	
-	-	3,973	2,440	-	100,884	
3,056	26,323	28,988	2,828	-	339,924	
-	-	-	-	21,045	21,045	
-	-	-	-	-	-	
<u>3,056</u>	<u>26,323</u>	<u>28,988</u>	<u>2,828</u>	<u>21,045</u>	<u>360,969</u>	
<u>\$ 3,056</u>	<u>\$ 26,323</u>	<u>\$ 32,961</u>	<u>\$ 5,268</u>	<u>\$ 21,045</u>	<u>\$ 461,853</u>	

**City of Calimesa**  
**Combining Statements of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2013**

	Special Revenues Funds		
	Supplemental Law Enforcement Grant	Community Development Block Grant	Parks and Recreation Grant
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Fines and forfeitures	-	-	-
Intergovernmental	100,000	712	36,835
Charges for services	-	-	-
Development Fees	-	-	-
Investment earnings	4	105	84
Other	-	-	-
Total Revenues	<u>100,004</u>	<u>817</u>	<u>36,919</u>
<b>Expenditures</b>			
Current:			
General government	-	44,251	-
Public safety	102,741	-	-
Public works	-	23,629	-
Community services and development	-	-	-
Parks and recreation	-	-	21,507
Library	-	-	-
Total Expenditures	<u>102,741</u>	<u>67,880</u>	<u>21,507</u>
Excess (Deficit) of Revenues Over Expenditures	(2,737)	(67,063)	15,412
<b>Other Financing Sources (Uses)</b>			
Transfers in (Note 4)	-	-	-
Transfers out (Note 4)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(2,737)	(67,063)	15,412
Fund Balance - Beginning of year	12,771	70,691	38,473
Fund Balance - End of year	<u>\$ 10,034</u>	<u>\$ 3,628</u>	<u>\$ 53,885</u>

Special Revenues Funds

Library	Traffic Safety	Transportation Air Quality Improvements	Gas Tax	Lighting/ Landscape District	Prop 84	SCE Grant
\$ -	\$ -	\$ -	\$ -	\$ 76,944	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
27,213	-	9,648	179,695	-	60,070	8,237
-	-	-	-	35,000	-	-
-	-	-	-	-	-	-
262	-	26	121	-	-	-
-	-	-	-	-	-	-
<u>27,475</u>	<u>-</u>	<u>9,674</u>	<u>179,816</u>	<u>111,944</u>	<u>60,070</u>	<u>8,237</u>
-	-	-	-	-	-	-
-	-	-	-	124,127	-	-
-	-	-	247,898	-	-	-
-	-	1,016	-	-	145,216	16,481
-	-	-	-	-	-	-
3,099	-	-	-	-	-	-
<u>3,099</u>	<u>-</u>	<u>1,016</u>	<u>247,898</u>	<u>124,127</u>	<u>145,216</u>	<u>16,481</u>
24,376	-	8,658	(68,082)	(12,183)	(85,146)	(8,244)
-	-	-	-	15,000	101,902	9,203
-	-	-	-	-	(16,756)	(959)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>85,146</u>	<u>8,244</u>
24,376	-	8,658	(68,082)	2,817	-	-
186,806	3,056	17,665	97,070	11	-	-
<u>\$ 211,182</u>	<u>\$ 3,056</u>	<u>\$ 26,323</u>	<u>\$ 28,988</u>	<u>\$ 2,828</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Calimesa**  
**Combining Statements of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2013**

	Capital Projects	
	General Capital Projects Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>		
Taxes	\$ -	\$ 76,944
Licenses and permits	-	-
Fines and forfeitures	-	-
Intergovernmental	-	422,410
Charges for services	-	35,000
Development Fees	-	-
Investment earnings	24	626
Other	-	-
Total Revenues	<u>24</u>	<u>534,980</u>
<b>Expenditures</b>		
Current:		
General government	-	44,251
Public safety	-	226,868
Public works	-	271,527
Community services and development	-	162,713
Parks and recreation	-	21,507
Library	-	3,099
Total Expenditures	<u>-</u>	<u>729,965</u>
Excess (Deficit) of Revenues Over Expenditures	24	(194,985)
<b>Other Financing Sources (Uses)</b>		
Transfers in (Note 4)	5,000	131,105
Transfers out (Note 4)	-	(17,715)
Total Other Financing Sources (Uses)	<u>5,000</u>	<u>113,390</u>
Net Change in Fund Balance	5,024	(81,595)
<b>Fund Balance - Beginning of year</b>	<u>16,021</u>	<u>442,564</u>
<b>Fund Balance - End of year</b>	<u>\$ 21,045</u>	<u>\$ 360,969</u>

# City of Calimesa

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Special Law Enforcement Grant Special Revenue Fund For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Interest Income	100	100	4	(96)
<b>Total revenues</b>	<b>100,100</b>	<b>100,100</b>	<b>100,004</b>	<b>(96)</b>
<b>EXPENDITURES:</b>				
Current:				
Public safety	102,862	102,862	102,741	121
<b>Total expenditures</b>	<b>102,862</b>	<b>102,862</b>	<b>102,741</b>	<b>121</b>
<b>Net change in fund balance</b>	<b>\$ (2,762)</b>	<b>\$ (2,762)</b>	<b>(2,737)</b>	<b>\$ 25</b>
<b>FUND BALANCE:</b>				
Beginning of year			12,771	
End of year			\$ 10,034	

# City of Calimesa

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Community Development Block Grant Special Revenue Fund For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 712	\$ 712
Interest Income	150	150	105	(45)
<b>Total revenues</b>	<b>150</b>	<b>150</b>	<b>817</b>	<b>667</b>
<b>EXPENDITURES:</b>				
Current:				
General government	5,000	5,000	44,251	(39,251)
Public works	-	-	23,629	(23,629)
<b>Total expenditures</b>	<b>5,000</b>	<b>5,000</b>	<b>67,880</b>	<b>(62,880)</b>
<b>Net change in fund balance</b>	<b>\$ (4,850)</b>	<b>\$ (4,850)</b>	<b>(67,063)</b>	<b>\$ (62,213)</b>
<b>FUND BALANCE:</b>				
Beginning of year			70,691	
End of year			\$ 3,628	

# City of Calimesa

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Parks and Recreation Grant Special Revenue Fund For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 36,835	\$ 36,835
Interest Income	-	-	84	84
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>36,919</b>	<b>36,919</b>
<b>EXPENDITURES:</b>				
Current:				
Parks and recreation	-	-	21,507	(21,507)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>21,507</b>	<b>(21,507)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>15,412</b>	<b>\$ 15,412</b>
<b>FUND BALANCE:</b>				
Beginning of year			38,473	
End of year			\$ 53,885	

# City of Calimesa

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Library Special Revenue Fund For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 25,000	\$ 25,000	\$ 27,213	\$ 2,213
Interest Income	500	500	262	(238)
<b>Total revenues</b>	<b>25,500</b>	<b>25,500</b>	<b>27,475</b>	<b>1,975</b>
<b>EXPENDITURES:</b>				
Current:				
Library	14,315	14,315	3,099	11,216
<b>Total expenditures</b>	<b>14,315</b>	<b>14,315</b>	<b>3,099</b>	<b>11,216</b>
<b>Net change in fund balance</b>	<b>\$ 11,185</b>	<b>\$ 11,185</b>	<b>24,376</b>	<b>\$ 13,191</b>
<b>FUND BALANCE:</b>				
Beginning of year			186,806	
End of year			\$ 211,182	

# City of Calimesa

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Transportation Air Quality Improvement Special Revenue Fund For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 8,000	\$ 8,000	\$ 9,648	\$ 1,648
Interest Income	12	12	26	14
<b>Total revenues</b>	<b>8,012</b>	<b>8,012</b>	<b>9,674</b>	<b>1,662</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	1,150	1,150	1,016	134
<b>Total expenditures</b>	<b>1,150</b>	<b>1,150</b>	<b>1,016</b>	<b>134</b>
<b>Net change in fund balance</b>	<b>\$ 6,862</b>	<b>\$ 6,862</b>	<b>8,658</b>	<b>\$ 1,796</b>
<b>FUND BALANCE:</b>				
Beginning of year			17,665	
End of year			\$ 26,323	

# City of Calimesa

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Traffic Safety Special Revenue Fund For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Interest Income	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Community development	-	-	-	-
Public safety:	-	-	-	-
Public works	-	-	-	-
Parks and recreation	-	-	-	-
Library	-	-	-	-
Non-departmental	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
<b>FUND BALANCE:</b>				
Beginning of year			3,056	
End of year			\$ 3,056	

# City of Calimesa

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Gas Tax Special Revenue Fund For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 200,000	\$ 200,000	\$ 179,695	\$ (20,305)
Interest Income	100	100	121	21
<b>Total revenues</b>	<b>200,100</b>	<b>200,100</b>	<b>179,816</b>	<b>(20,284)</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	237,222	237,222	247,898	(10,676)
<b>Total expenditures</b>	<b>237,222</b>	<b>237,222</b>	<b>247,898</b>	<b>(10,676)</b>
<b>Net change in fund balance</b>	<b>\$ (37,122)</b>	<b>\$ (37,122)</b>	<b>(68,082)</b>	<b>\$ (30,960)</b>
<b>FUND BALANCE:</b>				
Beginning of year			97,070	
End of year			\$ 28,988	

# City of Calimesa

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Lighting/Landscape District Special Revenue Fund For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ 76,944	\$ 76,944
Charges for Services	-	35,000	35,000	-
Intergovernmental	81,000	81,000	-	(81,000)
Interest Income	50	50	-	(50)
<b>Total revenues</b>	<b>81,050</b>	<b>116,050</b>	<b>111,944</b>	<b>(4,106)</b>
<b>EXPENDITURES:</b>				
Current:				
Public safety	115,369	115,369	-	115,369
<b>Total expenditures</b>	<b>115,369</b>	<b>115,369</b>	<b>-</b>	<b>115,369</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(34,319)</b>	<b>681</b>	<b>111,944</b>	<b>111,263</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	15,000	15,000	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>15,000</b>	<b>15,000</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ (34,319)</b>	<b>\$ 15,681</b>	<b>126,944</b>	<b>\$ 111,263</b>
<b>FUND BALANCE:</b>				
Beginning of year			11	
End of year			\$ 126,955	

# City of Calimesa

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Proposition 84 Special Revenue Fund For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 60,070	\$ 60,070
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>60,070</b>	<b>60,070</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	-	145,216	145,216	-
<b>Total expenditures</b>	<b>-</b>	<b>145,216</b>	<b>145,216</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>(145,216)</b>	<b>(85,146)</b>	<b>60,070</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	101,902	101,902
Transfers out	-	-	(16,756)	(16,756)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>85,146</b>	<b>85,146</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ (145,216)</b>	<b>-</b>	<b>\$ 145,216</b>
<b>FUND BALANCE:</b>				
Beginning of year			-	
End of year			\$ -	

# City of Calimesa

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual SCE Grant Special Revenue Fund For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 8,237	\$ 8,237
Charges for services	-	-	-	-
Interest Income	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>8,237</b>	<b>8,237</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	-	16,481	16,481	-
<b>Total expenditures</b>	<b>-</b>	<b>16,481</b>	<b>16,481</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>(16,481)</b>	<b>(8,244)</b>	<b>8,237</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	9,203	9,203
Transfers out	-	-	(959)	(959)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>8,244</b>	<b>8,244</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ (16,481)</b>	<b>-</b>	<b>\$ 16,481</b>
<b>FUND BALANCE:</b>				
Beginning of year			-	
End of year			\$ -	



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS**

The Honorable Mayor and Members of the City Council  
of the City of Calimesa  
Calimesa, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Calimesa, California (City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated April 21, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as FS2013-01 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and responses as FS2013-02, FS2013-03 and FS2013-04 to be significant deficiencies.

### **Compliance and Other Matters**

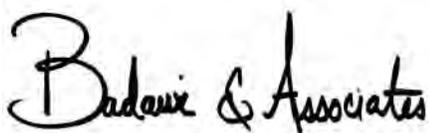
As part of obtaining reasonable assurance about whether City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **City's Response to Findings**

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Badawi and Associates, CPAs  
Oakland, California  
April 21, 2014

**City of Calimesa**  
**Schedule of Findings and Responses**  
**For the year ended June 30, 2013**

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**FS 2013-01 Journal Entry Process (Material Weakness)**

**Criteria:**

Journal entries should have adequate supporting documentation to show the reasoning behind each entry, and include documentation of employees responsible for the preparation, approval and posting of these entries. In order to ensure accurate journal entries, the functions of preparation, approval and posting should be performed by separate, authorized employees.

**Condition:**

During the review of the City of Calimesa's journal entries, Badawi & Associates noted that journal entries lacked adequate supporting documentation and had no documentation of approval.

**Cause:**

The City did not institute controls to address the stated condition.

**Context and Effect:**

Without instituting these controls, there is a risk that inaccurate journal entries could be made which could lead to the financial statements being materially misstated.

**Recommendation:**

We recommend that the City enhance its internal controls over the journal entry process to ensure complete and accurate financial reporting by implementing additional policies and procedures such as attaching adequate supporting documentation to all journal entries and documenting the posting and approval of each journal entry with manual signatures by separate, authorized employees.

**View of Responsible Officials and Planned Corrective Action:**

The City has implemented the recommendation in 2013-14.

**City of Calimesa**  
**Schedule of Findings and Responses, Continued**  
**For the year ended June 30, 2013**

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**FS 2013-02 Timely Approval of Interfund Transfers (Significant Deficiency)**

**Criteria:**

Budget amendments should be authorized by City Council prior to the incurrence of unbudgeted expenditures in order to have an effective control over spending.

**Condition:**

During the review of the City of Calimesa's interfund transfers, Badawi & Associates noted that many transfers were made after the fiscal year end and many of these transfers were not approved by City Council until after the incurrence of expenditures.

**Cause:**

Transfers made by the City during the year were not budgeted for and approval from City Council was obtained subsequent to making the transfer.

**Context and Effect:**

Lack of City Council approval of amending the budget prior to making an expenditure, can result in actual expenditures exceeding budgeted amounts

**Recommendation:**

We recommend that transfers be included in the budget. For those transfers which are not included in the budget, we recommend that the City receive approval from City Council prior to the incurrence of expenditures.

**View of Responsible Officials and Planned Corrective Action:**

The City concurs with the recommendation.

**City of Calimesa**  
**Schedule of Findings and Responses, Continued**  
**For the year ended June 30, 2013**

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**FS 2013-03 Lack of Segregation of Duties (Significant Deficiency)**

**Criteria:**

The City of Calimesa should have adequate internal controls in place so that the functions of recording, authorization, custody and execution are not dominated by one individual.

**Condition:**

When reviewing the City's internal control, Badawi & Associates noted a lack of reviews and approvals over certain tasks which are performed by one employee in the following areas:

Purchasing and cash disbursements: The same employee has the authority to create new vendor accounts and review and input invoices and make payments.

Payroll and human resources: The same employee inputs time entry and has access to change the pay rate of employees at any time. There is no oversight or reconciliation over the accuracy of this time entry input.

**Cause:**

The City did not institute controls to ensure a proper segregation of duties.

**Context and Effect:**

Without proper review and approvals, inaccuracies could go undetected which could lead to the City's financial statements being materially misstated.

**Recommendation:**

We recommend that the City of Calimesa enhance its internal controls in order to implement a proper segregation of duties.

**View of Responsible Officials and Planned Corrective Action:**

The City has implemented processes that will enhance internal controls and segregation of duties in these areas.

**City of Calimesa**  
**Schedule of Findings and Responses, Continued**  
**For the year ended June 30, 2013**

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**FS 2013-04 Financial Reporting and Closing Process (Significant Deficiency)**

**Criteria:**

The City of Calimesa should have adequate internal controls over financial reporting to prevent and detect material misstatements to the financial statements.

**Condition:**

Certain detail reports created by the City's accounting software did not readily tie to financial statements generated by the City. The financial statements and related adjustments were created on spreadsheets outside of the accounting software. In addition, the City had receivables that were not initially recorded in the financial statement spreadsheets.

**Cause:**

The City's accounting software had an issue related to the year-end closing process that resulted in the need to utilize spreadsheets to track needed adjustments and prepare financial statements.

**Context and Effect:**

Spreadsheets might lack adequate checks to ensure that human errors are detected. Also, spreadsheets might lack proper security features which could lead to unauthorized users making changes to the financials. The lack of these controls could lead to the City's financial statements being materially misstated.

**Recommendation:**

We recommend that the City of Calimesa implement internal controls to improve its financial reporting and closing process.

**View of Responsible Officials and Planned Corrective Action:**

The City has resolved the accounting software issue eliminating the need to track adjustments outside of the software which will result in improved internal control.

# City of Calimesa

Calimesa, California

*Independent Accountants' Report on  
Agreed-Upon Procedures Applied to  
Appropriations Limit Schedule*

*For the year ending June 30, 2013*



**INDEPENDENT AUDITORS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

To the Honorable Mayor and City Council  
of the City of Calimesa  
Calimesa, California

We have performed the procedures enumerated below to the accompanying Appropriations Limit Schedule of the City of Calimesa (City) for the fiscal year ending June 30, 2013. These procedures, which were agreed to by the City and the League of California Cities (as presented in the publication entitled *Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII-B of the California Constitution*), were performed solely to assist the City in meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. City management is responsible for the Appropriations Limit Schedule and for meeting the requirements of the California Constitution section noted above. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or any other purpose.

The procedures performed and our findings are described below:

1. We obtained the completed worksheets used by the City to calculate its appropriations limit for the fiscal year ending June 30, 2013, and determined that the limit and annual calculation factors were adopted by resolution of City Council. We also determined that the population and inflation options were selected by a recorded vote of City Council.

*Finding:* No exceptions were noted as a result of our procedures.

2. For the accompanying Appropriations Limit Schedule, we added the prior year's limit to the total adjustments, and agreed the resulting amount to the current year's limit.

*Finding:* No exceptions were noted as a result of our procedures.

3. We agreed the current year information presented in the accompanying Appropriations Limit Schedule to corresponding information in worksheets used by the City.

*Finding:* No exceptions were noted as a result of our audit procedures.

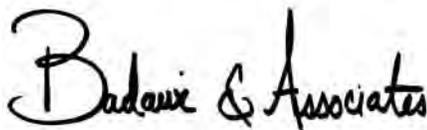
To the Honorable Mayor and Members of City Council  
of the City of Calimesa  
Calimesa, California

4. We agreed the prior year appropriations limit presented in the accompanying Appropriations Limit Schedule to the prior year appropriations limit adopted by the City Council during the prior year.

*Finding:* No exceptions were noted as a result of our procedures.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying Appropriation Limit Schedule. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by Article XIII-B of the California Constitution.

This report is intended solely for the information and use of the City Council and management of the City and is not intended to be and should not be used by anyone other than these specified parties.



Badawi and Associates  
Certified Public Accountants  
Oakland, California  
April 29, 2014

**City of Calimesa**  
**Appropriations Limit Schedule**  
**For the year ending June 30, 2013**

	<u>Amount</u>	<u>Source</u>
A. Appropriations limit for the year ended June 30, 2012	\$ 4,757,889	Prior year schedule
B. Calculation factors:		
1. Population increase %	1.0111	State Department of Finance
2. Per capita personal income change factor %	1.0377	State Department of Finance
3. Total adjustment factor %	<u>1.0492</u>	B3= B1 * B2
C. Annual adjustment increase	234,176	[(B3-1)*A]
D. Other adjustments:		
Loss responsibility (-)	-	N/A
Transfers to private (-)	-	N/A
Transfers to fees (-)	-	N/A
Assumed responsibility (+)	-	N/A
E. Total adjustments	<u>234,176</u>	(C+D)
F. Appropriations limit for the year ending June 30, 2013	<u><u>\$ 4,992,065</u></u>	(A+E)

**City of Calimesa**  
**Notes to Appropriations Limit Schedule**  
**For the year ending June 30, 2013**

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**1. PURPOSE OF LIMITED PROCEDURES REVIEW**

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), California governmental agencies are restricted as to the amount of annual appropriations from proceeds of taxes. Effective for years beginning on or after July 1, 1990, under Section 1.5 of Article XIII B, the annual calculation of the appropriations limit is subject to a limited procedures review in connection with the annual audit.

**2. METHOD OF CALCULATION**

Under Section 10.5 of Article XIII B, for fiscal years beginning on or after July 1990, the appropriations limit is required to be calculated based on the limit for the fiscal year 1986-1987, adjusted for the inflation and population factors discussed in Notes 3 and 4 below.

**3. INFLATION FACTORS**

A California governmental agency may use as its inflation factor either the annual percentage change in the 4<sup>th</sup> quarter per capita personal income (which percentage is supplied by the State Department of Finance), or the percentage change in the local assessment roll from the preceding year due to the change of local nonresidential construction. The factor adopted by the City of Calimesa for the fiscal year 2012-2013 represents the change of per capita personal income.

**4. POPULATION FACTORS**

A California governmental agency may use as its population factor either the annual percentage change of the jurisdiction's own population, or the annual percentage change in population in the County where the jurisdiction is located. The factor adopted by the City of Calimesa for fiscal year 2012-2013 represents the population change in the City of Calimesa.

**5. OTHER ADJUSTMENTS**

A California government agency may be required to adjust its appropriations limit when certain events occur, such as the transfer of responsibility for municipal services to, or from, another government agency or private entity. There were no adjustments made for the fiscal year ending June 30, 2013.

# City of Calimesa

Calimesa, California

*Independent Accountants' Report on  
Agreed-Upon Procedures Applied to  
Appropriations Limit Schedule*

*For the year ending June 30, 2014*



**INDEPENDENT AUDITORS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

To the Honorable Mayor and City Council  
of the City of Calimesa  
Calimesa, California

We have performed the procedures enumerated below to the accompanying Appropriations Limit Schedule of the City of Calimesa (City) for the fiscal year ending June 30, 2014. These procedures, which were agreed to by the City and the League of California Cities (as presented in the publication entitled *Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII-B of the California Constitution*), were performed solely to assist the City in meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. City management is responsible for the Appropriations Limit Schedule and for meeting the requirements of the California Constitution section noted above. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or any other purpose.

The procedures performed and our findings are described below:

1. We obtained the completed worksheets used by the City to calculate its appropriations limit for the fiscal year ending June 30, 2014, and determined that the limit and annual calculation factors were adopted by resolution of City Council. We also determined that the population and inflation options were selected by a recorded vote of City Council.

*Finding:* No exceptions were noted as a result of our procedures.

2. For the accompanying Appropriations Limit Schedule, we added the prior year's limit to the total adjustments, and agreed the resulting amount to the current year's limit.

*Finding:* No exceptions were noted as a result of our procedures.

3. We agreed the current year information presented in the accompanying Appropriations Limit Schedule to corresponding information in worksheets used by the City.

*Finding:* No exceptions were noted as a result of our audit procedures.

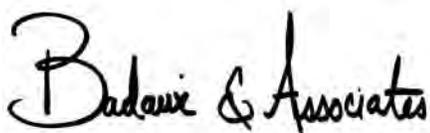
To the Honorable Mayor and Members of City Council  
of the City of Calimesa  
Calimesa, California

4. We agreed the prior year appropriations limit presented in the accompanying Appropriations Limit Schedule to the prior year appropriations limit adopted by the City Council during the prior year.

*Finding:* No exceptions were noted as a result of our procedures.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying Appropriation Limit Schedule. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by Article XIII-B of the California Constitution.

This report is intended solely for the information and use of the City Council and management of the City and is not intended to be and should not be used by anyone other than these specified parties.



Badawi and Associates  
Certified Public Accountants  
Oakland, California  
April 29, 2014

**City of Calimesa**  
**Appropriations Limit Schedule**  
**For the year ending June 30, 2014**

	<u>Amount</u>	<u>Source</u>
A. Appropriations limit for the year ended June 30, 2013	\$ 4,992,065	Prior year schedule
B. Calculation factors:		
1. Population increase %	1.0090	State Department of Finance
2. Per capita personal income change factor %	<u>1.0512</u>	State Department of Finance
3. Total adjustment factor %	1.0607	B3= B1 * B2
C. Annual adjustment increase	302,823	[(B3-1)*A]
D. Other adjustments:		
Loss responsibility (-)	-	N/A
Transfers to private (-)	-	N/A
Transfers to fees (-)	-	N/A
Assumed responsibility (+)	-	N/A
E. Total adjustments	<u>302,823</u>	(C+D)
F. Appropriations limit for the year ending June 30, 2014	<u><u>\$ 5,294,888</u></u>	(A+E)

**City of Calimesa**  
**Notes to Appropriations Limit Schedule**  
**For the year ending June 30, 2014**

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**1. PURPOSE OF LIMITED PROCEDURES REVIEW**

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), California governmental agencies are restricted as to the amount of annual appropriations from proceeds of taxes. Effective for years beginning on or after July 1, 1990, under Section 1.5 of Article XIII B, the annual calculation of the appropriations limit is subject to a limited procedures review in connection with the annual audit.

**2. METHOD OF CALCULATION**

Under Section 10.5 of Article XIII B, for fiscal years beginning on or after July 1990, the appropriations limit is required to be calculated based on the limit for the fiscal year 1986-1987, adjusted for the inflation and population factors discussed in Notes 3 and 4 below.

**3. INFLATION FACTORS**

A California governmental agency may use as its inflation factor either the annual percentage change in the 4<sup>th</sup> quarter per capita personal income (which percentage is supplied by the State Department of Finance), or the percentage change in the local assessment roll from the preceding year due to the change of local nonresidential construction. The factor adopted by the City of Calimesa for the fiscal year 2013-2014 represents the change of per capita personal income.

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A California governmental agency may use as its population factor either the annual percentage change of the jurisdiction's own population, or the annual percentage change in population in the County where the jurisdiction is located. The factor adopted by the City of Calimesa for fiscal year 2013-2014 represents the population change in the City of Calimesa.

**5. OTHER ADJUSTMENTS**

A California government agency may be required to adjust its appropriations limit when certain events occur, such as the transfer of responsibility for municipal services to, or from, another government agency or private entity. There were no adjustments made for the fiscal year ending June 30, 2014.

# City of Calimesa

Calimesa, California

*Auditors' Communication with  
Those Charged with Governance*

*For the year ended June 30, 2013*





April 21, 2014

To The Honorable Mayor and Members  
of the City Council of the City of Calimesa  
Calimesa, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Calimesa, California (City) for the year ended June 30, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, and *Government Auditing Standards* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 22, 2013. Professional standards also require that we communicate to you the following information related to our audit.

#### Our Responsibilities under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated April 22, 2013, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the City. Such considerations are solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests is not to provide an opinion on compliance with such provisions.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

#### Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

To The Honorable Mayor and Members  
of the City Council of the City of Calimesa  
Calimesa, California  
Page 2

We performed the audit according to the timing previously communicated to you on the engagement letter.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

- Depreciable lives and estimated residual value of property and equipment
- Pension plans (actuarial assumptions)

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements was (were):

- Summary of Significant Accounting Policies
- Cash and Investments
- Long Term Debt
- Capital Assets
- Net Position/Fund Balances
- Pension Plan

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

To The Honorable Mayor and Members  
of the City Council of the City of Calimesa  
Calimesa, California  
Page 3

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated April 21, 2014.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

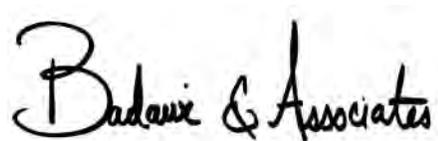
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the City Council and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Badawi & Associates,  
Certified Public Accountants  
Oakland, California  
April 21, 2014

City of Calimesa  
Listing of Passed Adjustments  
FYE 6-30-13

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#1	<u>General Fund</u>	<u>Debit</u>	<u>Credit</u>
	Fund Balance	\$8,465	
	Expenditures		\$8,465
#2	<u>General Fund</u>		
	Payroll Expense	\$31,463	
	Accrued Payroll		\$31,463